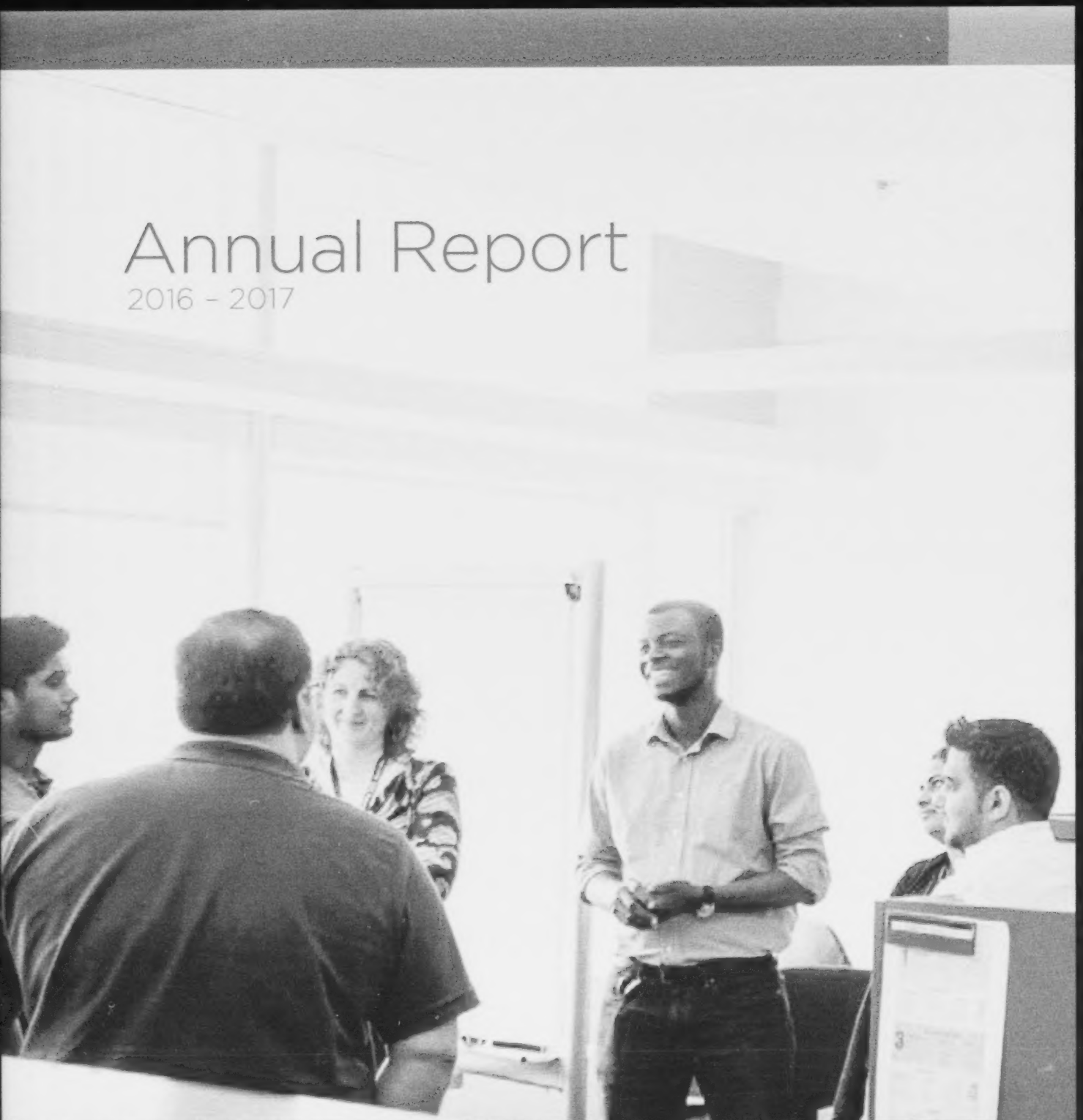




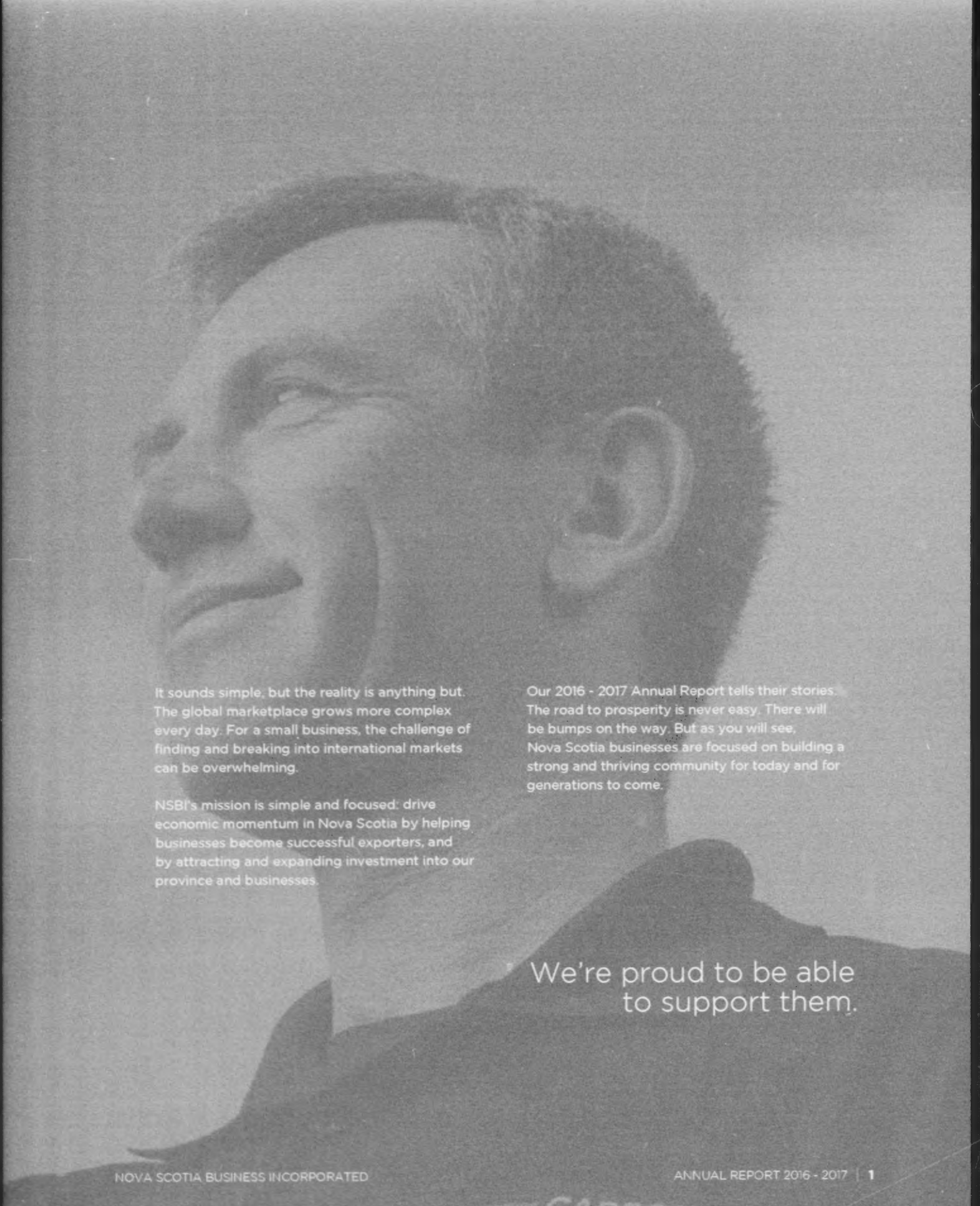
Annual Report

2016 - 2017

A black and white photograph of a hand holding a small, dark, textured cube. The hand is positioned on the left side of the frame, with the thumb and index finger gripping the cube. The background is a bright, cloudy sky. The overall composition is simple and evocative.

Nova Scotia businesses
need to export to grow.

FOCUS

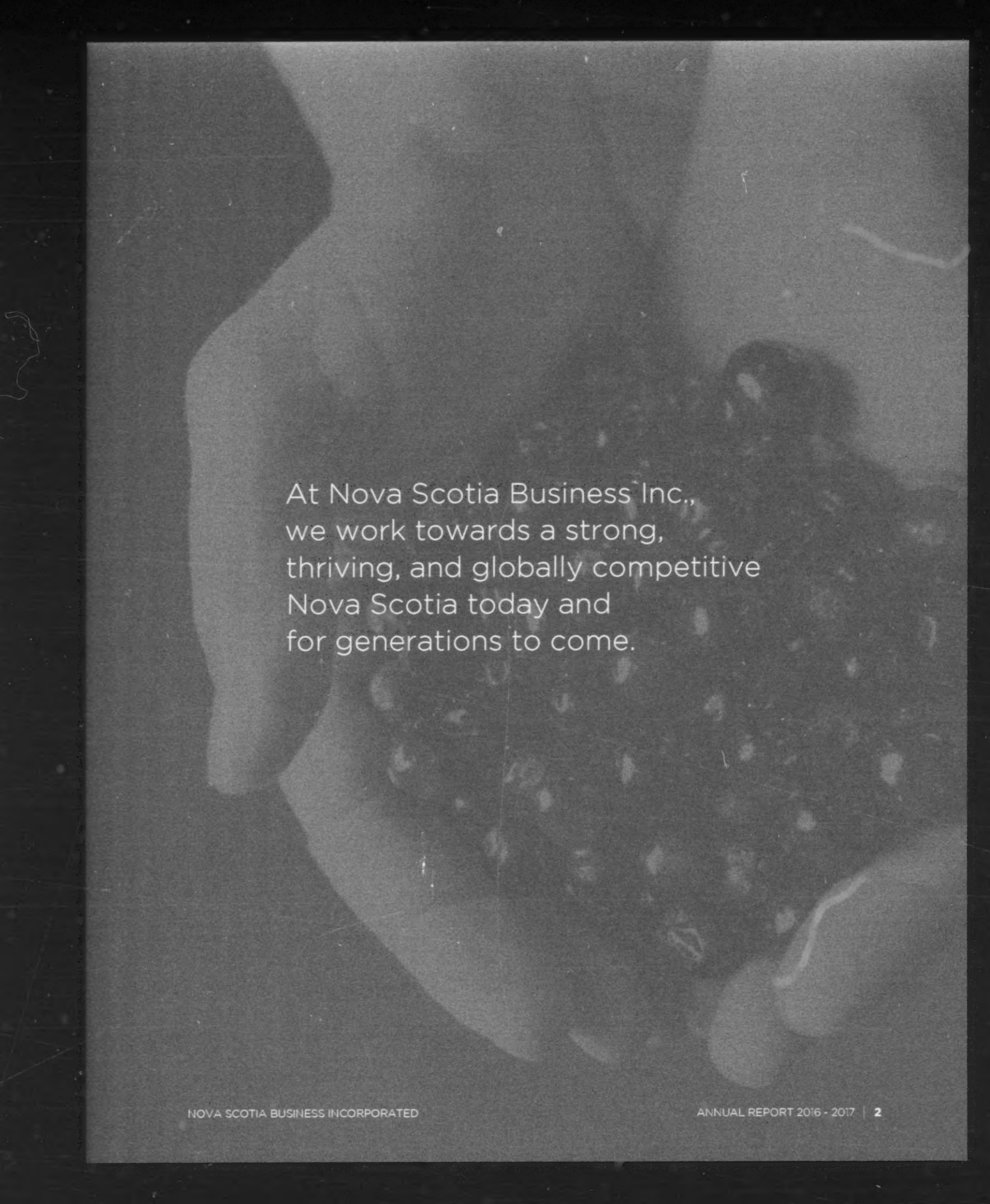


It sounds simple, but the reality is anything but. The global marketplace grows more complex every day. For a small business, the challenge of finding and breaking into international markets can be overwhelming.

NSBI's mission is simple and focused: drive economic momentum in Nova Scotia by helping businesses become successful exporters, and by attracting and expanding investment into our province and businesses.

Our 2016 - 2017 Annual Report tells their stories. The road to prosperity is never easy. There will be bumps on the way. But as you will see, Nova Scotia businesses are focused on building a strong and thriving community for today and for generations to come.

We're proud to be able
to support them.



At Nova Scotia Business Inc.,
we work towards a strong,
thriving, and globally competitive
Nova Scotia today and
for generations to come.

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Message from the Board Chair & President and CEO

The need to be globally connected has never been greater for businesses in Nova Scotia who can work, trade, and compete with anyone in the world, from right here at home.

In 2016 – 2017, NSBI and our partners focused on building export capacity in Nova Scotia. We equipped new exporters so they could pursue certifications needed to enter export markets, we worked on the front lines with our exporters as they explored new markets to support their sales and market growth, and we identified and attracted new and innovative exporters outside the province to locate here.

Signs of Momentum

Last year, there was significant growth in both the number of new exporters and actual export sales by NSBI clients. A major share of this growth was within our target sectors of Information & Communications Technology (ICT), Oceans, and Seafood & Agri-food. This growth shows that we are on the right path in our journey.

When we set our goals for the year, we set the bar high. It was a risk. We missed our export targets in 2015-2016. Setting an aggressive target for 2016-2017 seemed counterintuitive, but we knew we had to do things differently. We built the foundation, and now we are seeing the results of our team's hard, relentless effort to support exporters.

Another positive result is an increase in rural foreign direct investment (FDI) transactions from 2015-2016 to 2016-2017. From our Regional Business Development Advisors to our Investment Attraction team, we have been working to bring an integrated service model to our clients that reaches all areas of the province, and we see this increase as a sign these efforts are making an impact.

Focal Points

While rural FDI has increased, our aggregate FDI is below the target we set for ourselves at the beginning of the year. We adjusted our efforts in 2016-2017, and continue to rebuild our prospect lists in 2017-2018 to match new criteria for the type of investment we are trying to attract to Nova Scotia. Our priority is to attract companies who can provide added value to communities, are knowledge based and export-focused, and pay above-average wages.

We know where we want to go, and we are on the road to get there. The companies we work with are the right ones. As we go forward, we will continue to attract sustainable investments that contribute to a strong culture of innovation and export development in our province.

We are also reporting that survey results show a decrease in capital investment by NSBI clients. While this decrease reflects a general downward trend in capital investment in Atlantic Canada, we will implement new tools that are designed to encourage investment.

Accelerating based on Evidence

Into 2017-2018, we will build on our strengths and stay aggressive in our mission to work alongside businesses, meet them where they are, and do the work that needs to be done to help them grow. We will continue to share stories about how Nova Scotia's advantages and culture create a unique environment where export, innovation, and entrepreneurship thrive.

We will continue to support the province's innovation agenda and play a key role with partners to create collaborative business communities and networks, build the workforce of tomorrow by supporting young entrepreneurs and innovators, and ensure the strategic placement of resources to support businesses as they move products and services beyond our borders.

Through collaborative trade and investment initiatives with federal and provincial partners, we will continue to build connections at home, in China, the United States, and Europe to help exporters navigate new and evolving trade agreements.

The past year has brought successes, learning experiences, and new challenges. Our work to implement our business plan continues, and it has taught us to keep our pencils sharp and take smart risks. We are focused. We will continue to make hard decisions and work to make things happen for all people who wish to make Nova Scotia home.

It's worth it.



Bert Frizzell

BOARD CHAIR, NSBI

A handwritten signature in dark ink that reads "Bert Frizzell".



Laurel Broten

PRESIDENT AND CEO, NSBI

A handwritten signature in dark ink that reads "Laurel Broten".

Building Partnerships

IBM

WHO: CHRIS MACINTOSH

WHERE: HALIFAX

SECTOR: ICT

NSBI SERVICE: INVESTMENT ATTRACTION



Chris MacIntosh explains that IBM's incredible complexity is focused on a simple principle.

"Thomas Watson founded IBM in 1911 on a core principle: 'THINK.' It's so simple, but it applies to everything we do. Our focus is to make a difference to the world by using technology. It's working. We're rolling out world-changing technology in areas like cognitive and cloud-based solutions. And what we do here in Halifax, we're part of the IBM global consulting network serving Canadian clients."

Why Nova Scotia?

IBM chose to locate its first Canadian Client Innovation Centre (CIC) in Halifax to access talent. Nova Scotia's universities and community colleges produce more post-secondary graduates per capita than any other province, giving IBM access to skilled and enthusiastic graduates from engineering, applied sciences, and mathematics. Since the CIC opened in 2012, IBM has hired more than 500 new employees from the area, more than half of them new graduates.

What challenges have you faced and overcome?

The CIC's biggest challenge is understanding the new skills and capabilities they need to manage extremely rapid changes in technology and software. An ability to pivot and become competent quickly is no longer a nice-to-have; in today's economy it's a necessity. IBM needed to be able to build the right team at the right time to respond to changes and support their clients.

Where NSBI comes in.

Through innovative programs such as the Collaboration for Analytics Research, Education, and Technology (CARET), IBM has partnered with Nova Scotia to create career opportunities for new graduates and drive new research in data analytics and optimization.

"NSBI worked with us, NSCC, and universities to build a partnership that provides the flexibility and resources to meet our clients' needs."

A future in Nova Scotia.

When IBM established the CIC in 2012, it signed a payroll rebate agreement with NSBI to create 500 positions in 8 years. Having met that goal in just over 4 years, IBM has expanded its target to grow to 750 positions in the original 8-year time frame.



“ We know what makes the difference here is we work together in a partnership. We work with government, we work with schools, and we work with NSBI. And NSBI is focused on building partnerships and they are committed to working with industry and to make a difference for us. So that's what allowed us to grow. That's what will continue to allow us to grow and evolve, and really the key is partnerships. NSBI is aligned with this way of thinking; they're as focused on innovation and partnership as we are.”

- CHRIS MACINTOSH

Board of Directors Overview

Due diligence and adherence to rigorous corporate governance guides the actions of Nova Scotia Business Inc.'s private-sector board. Comprised of respected leaders from communities across Nova Scotia, the Board of Directors provides guidance and governance for business activities.

Including committee meetings, members of the board met in 2016-2017 to:

- Oversee the corporate governance framework
- Review and approve quarterly and annual financial reports
- Oversee the strategic business planning process
- Identify and monitor risks facing the corporation
- Monitor the integrity of the corporation's internal control systems
- Approve financial transactions within board limits

Bert Frizzell, Chair

APPOINTED DIRECTOR, SEPTEMBER 2011
AUDIT COMMITTEE
HR GOVERNANCE COMMITTEE

- The Shaw Group, Vice Chairman
- Acadia University, Board of Governors
- Heritage Gas, Board of Directors
- LED Roadway Lighting, Board of Directors
- West Bedford Holdings Ltd., Board of Directors

Marie Mullally, Vice-Chair

APPOINTED DIRECTOR, DECEMBER 2014
HR GOVERNANCE COMMITTEE

- CUA, President & CEO
- Nova Scotia Gaming Corporation, Former President & CEO
- Halifax International Airport Authority, Vice-Chair
- FICANEX Services Inc., Board of Directors

Brenda Belliveau, CPA, CA

APPOINTED DIRECTOR, SEPTEMBER 2016
AUDIT COMMITTEE

- PwC Atlantic Canada, Managing Partner and Tax Leader
- Mount Saint Vincent University, Board of Governors

Paul Belliveau, FCPA, FCA

APPOINTED DIRECTOR, FEBRUARY 2013
AUDIT COMMITTEE, CHAIR

- Belliveau Veinotte Inc., Partner
- Bridgewater Development Association, Past Chair
- Lunenburg County Lifestyle Centre, Former Chair
- AC Group of Independent Accounting Firms Limited, Board of Directors
- Now Lunenburg County, Board of Directors

Sandra Greer, ICD.D

APPOINTED DIRECTOR, SEPTEMBER 2016
INVESTMENT COMMITTEE

- Nova Scotia Power, Board of Directors
- Amirix Systems Inc., Board of Directors
- Acadia University, Board of Governors, Board of Directors
- Nova Scotia Community College (NSCC), Board of Governors, Former Board Chair
- Canadian Foundation for Innovation, Former Board Member
- Industrial Expansion Fund (IEF) Advisory Panel, Former Member

Tom Hickey

APPOINTED DIRECTOR, DECEMBER 2015
INVESTMENT COMMITTEE, CHAIR

- T. Hickey Enterprises, President and CEO
- Atlantic Road Construction, CEO
- Atl-Refac Ltd., Board Chair
- Frontier Asphalt Ltd., CEO
- Over the Edge Inc., Advisory Board
- Nova Paving Ltd., Board Chair
- Iconic Brewing Co., Board Chair

Board of Directors

Cheryl Hodder, QC, ICD.D

APPOINTED DIRECTOR, NOVEMBER 2012
HR GOVERNANCE COMMITTEE, CHAIR

- Film and Creative Industries Nova Scotia, Past Chair
- McInnes Cooper, Partner
- McInnes Cooper, Board of Directors
- Mount Allison University, Board of Regents

Ray Ivany

APPOINTED DIRECTOR, DECEMBER 2010
INVESTMENT COMMITTEE

- Acadia University, President and Vice-Chancellor
- Nova Scotia Community College (NSCC), Former President and CEO
- Workers' Compensation Board of Nova Scotia, Former Chair
- Natural Sciences and Engineering Research Council of Canada, Past Council Member
- Nova Scotia OneNS Commission on Building our New Economy, Past Chair
- Nova Scotia Power Inc., Board of Directors
- Perennia, Board of Directors

Sean Murray

APPOINTED DIRECTOR, JUNE 2007,
SECOND TERM EXPIRED JUNE 2016

- Advocate Printing and Publishing Company Limited, President and CEO
- Canadian Printing Industries Scholarship Trust Fund, Trustee
- Juvenile Diabetes Research Foundation Canada, Board of Directors
- Aberdeen Health Foundation, Board of Directors
- Centre for Family Business and Regional Prosperity, Dalhousie University, Advisory Board

Stuart Rath

APPOINTED DIRECTOR, MARCH 2007,
SECOND TERM EXPIRED MAY 2016

- Stuco Holdings Limited, President and Director
- Truro Centre Limited, Vice President
- Truro Industrial Society, Past Chair

Ronald E. Smith

APPOINTED DIRECTOR, MAY 2011
INVESTMENT COMMITTEE

- Maritime Tel & Tel Ltd., Former CFO
- Emera Inc., Former CFO
- Canada Pension Plan Investment Board, Former Board of Directors
- Alamos Gold Inc., Board of Directors
- Pro Real Estate Investment Trust, Board of Trustees
- Public Service Superannuation Plan Trustee Inc., Chair
- Acadia University, Board of Governors, Past Chair
- The Arthritis Society, National Chair
- Western Regional Economic Network, Board of Directors

Janice Stairs

APPOINTED DIRECTOR, SEPTEMBER 2009
INVESTMENT COMMITTEE

- Namibia Rare Earths Inc. (TSX), General Counsel
- McInnes Cooper, Halifax Counsel
- Aurico Metals Inc. (TSX), Board of Directors
- Trilogy Metals Inc. (TSX: NYSE-MKT), Board of Directors

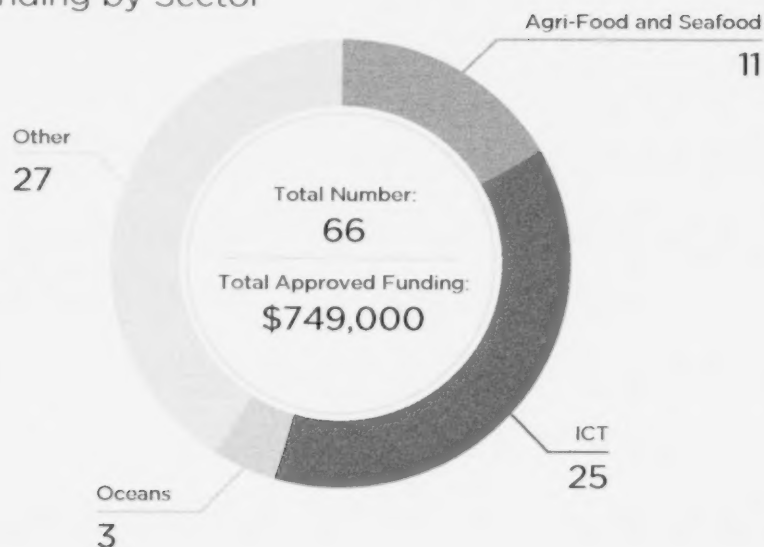
Committees & Officers

The Audit, Human Resources Governance, and Investment Committees serve to assist the board in carrying out its responsibilities.

Audit Committee	Human Resources Governance Committee	Investment Committee
Paul Belliveau, Chair Bert Frizzell Brenda Belliveau	Cheryl Hodder, Chair Bert Frizzell Marie Mullally	Tom Hickey, Chair Janice Stairs Ron Smith
The Audit committee oversees NSBI's financial reporting, assesses its internal controls and risk environment, and reviews the audit report prepared by the corporation's external auditor.	The Human Resources Governance committee ensures appropriate human resources management policies are in place, manages the recruitment process for new board members, and develops and oversees NSBI's corporate governance principles.	Ray Ivany Sandra Greer Sean Murray UNTIL JUNE 2016
		Stu Rath UNTIL MAY, 2016 The Investment committee oversees NSBI's investment framework and policies, monitors the performance of the corporation's investment portfolio, and recommends financial transactions outside its approval limit to the full board for approval.

Program Funding

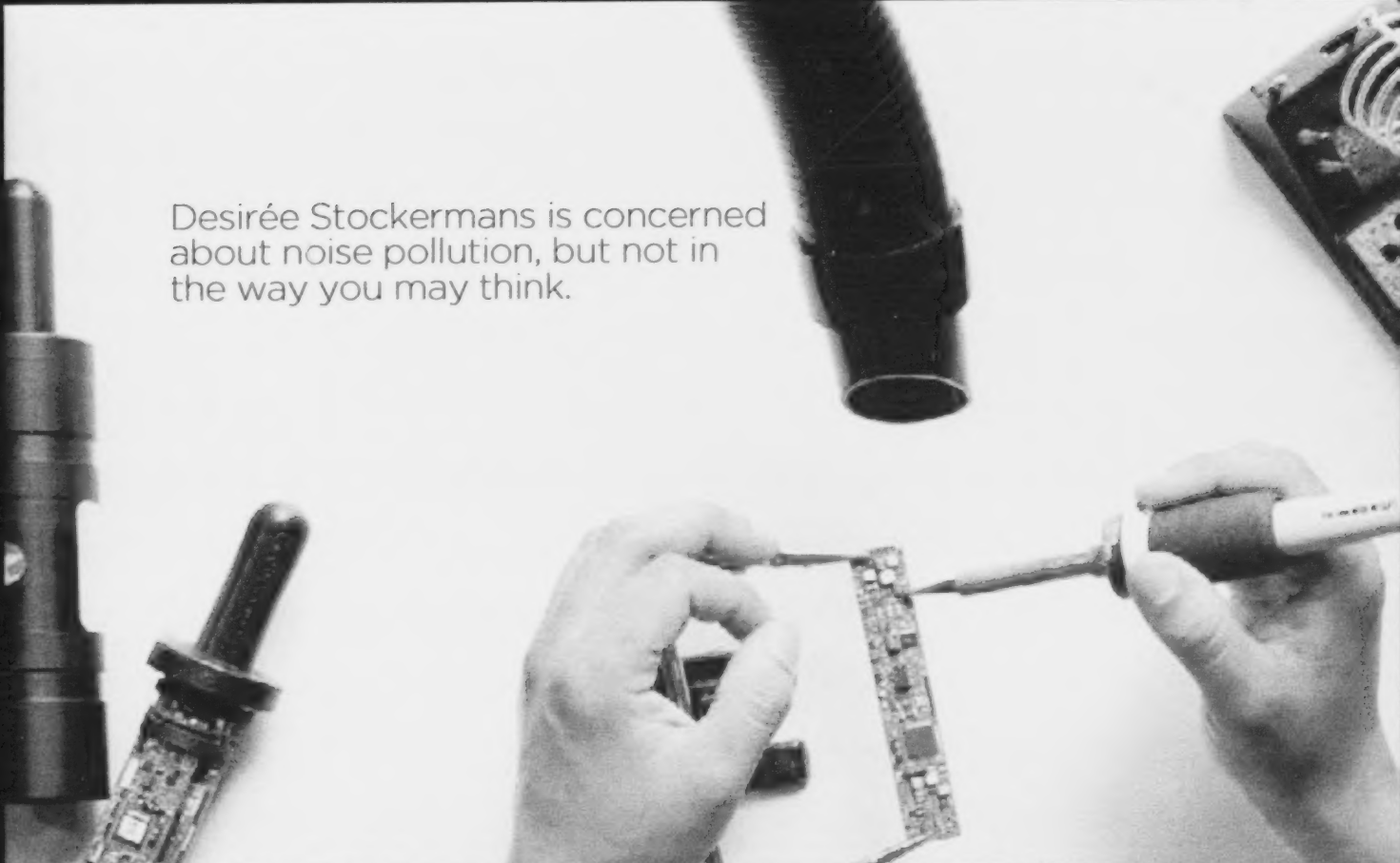
Small Business Development Program Approved Funding by Sector



Export Growth Program Approved Funding by Sector



* Other sectors include, but are not limited to: Advanced Manufacturing, Aerospace & Defence, Business Services, Clean Technology, Energy, Engineering & Professional, Film Production, Finance & Insurance, Forest Products, Life Sciences, Mining & Mineral Products, Tourism & Hospitality, and Transportation & Logistics.



Desirée Stockermans is concerned about noise pollution, but not in the way you may think.

Listening to the Sea

Ocean Sonics

WHO: DESIRÉE STOCKERMANS AND MARK WOOD

WHERE: GREAT VILLAGE

SECTOR: OCEAN TECHNOLOGY

NSBI SERVICE: EXPORT DEVELOPMENT

“ You know, when we’re at these trade shows with NSBI, they help us connect with other companies like us that we didn’t even know existed.”

- DESIRÉE STOCKERMANS



“Under the sea, noise is considered pollution. We’re polluting our oceans with noise, which causes a lot of harm to marine life. They can’t communicate with each other. We provide tools that help researchers around the world study the effects of anthropogenic noise so we can learn about marine animals and how they communicate.”

Why Nova Scotia?

Desirée and Mark were living in Texas when they decided to return to Canada to raise their family and start a business. Nova Scotia was a perfect choice. It’s near the ocean and has a convenient international airport and strong university research community. Moving here had other benefits: they could live on a farm and be near family.

What challenges have you faced and overcome?

Ocean Sonics makes sophisticated “smart” hydrophones that help researchers around the world learn more about oceanic life. To export their products successfully, they needed to be able to access and sell to niche ocean technology markets around the world.

Where NSBI comes in.

Through the Export Growth Program, NSBI provided Ocean Sonics with trade intelligence and support to help them discover and travel to niche international trade shows where they could market their hydrophones.

“I’d say that where NSBI gives me the biggest bang for my buck is by going to trade shows with us and going on sales calls. NSBI goes to a lot of trade shows and we go along with them. They do a fantastic job, really highlight all the participants, and they’ve helped us get to not only the bigger ocean tech trade shows, but also to the niche shows where we can sell our products.”

A future in Nova Scotia.

Ocean Sonics is excited about new collaborative opportunities that let them share resources and expertise with other small ocean technology companies in Nova Scotia and around the world.

Reducing Global Emissions

CarbonCure

WHO: ROBERT NIVEN

WHERE: DARTMOUTH

SECTOR: CLEAN TECHNOLOGY

NSBI SERVICE: EXPORT DEVELOPMENT

The carbon utilization industry is expected to reduce global CO₂ emissions by 15% and create \$1 trillion in value by the year 2030. Concrete is the second most used building material in the world and concrete production accounts for 5% of global CO₂ emissions.

CarbonCure provides a way to not only reduce industrial CO₂ emissions, but to use waste CO₂ to make concrete stronger and less expensive to manufacture. This remarkable technology can be installed in a concrete plant in a single day, allowing concrete producers to almost instantly improve their product while reducing emissions.

Why Nova Scotia?

CarbonCure began with a love story. Founder Robert Niven moved to Nova Scotia to be with his wife, who was studying here. He started a carbon management consulting practice focused on the cement and concrete sector - this funded the initial research and development for the technology. The business grew into CarbonCure with the help of the Shaw Group, which became CarbonCure's first customer.

What challenges have you faced and overcome?

During the innovation stage, CarbonCure needed to understand the science and develop prototypes to produce a marketable solution. Prior to commercialization, the company hired several engineers to help with initial R&D, which was supported by angel investors and government research grants.

Where NSBI comes in.

In 2016-2017, the company received funding through the Export Growth Program and the Small Business Development Program to explore new markets. And as Jennifer Wagner explains, they continue to invest in Nova Scotia:

"We've doubled our customer count in the last 12 months and there's no indication that's going to let up. We're proud to be headquartered in Nova Scotia. It's been a fantastic place to grow a clean technology business. We currently have 25 staff, and will continue to look to local universities for our new hires as we grow."

A future in Nova Scotia.

CarbonCure has 50 customers today. In North America alone there are over 10,000 concrete producers; global markets remained untapped.

“ We want to walk before we run, so we are focusing entirely on the North American market before expanding internationally. NSBI helped us to focus our efforts on the US market, where we are experiencing immense growth.”

- ROBERT NIVEN



Inside NSBI Investment Attraction

The global investment attraction marketplace is extremely competitive. There are more than 23,000 potential locations in North America trying to attract the same investors. As a relatively small region, Nova Scotia works hard to get on the radar of potential investors who may be unfamiliar with our business advantages and way of life.

Investment Attraction Executives (IAEs) use a highly targeted approach to attract the right kind of investor to Nova Scotia and convince them to invest here. They identify and reach out to prospective investors who would be a good fit with the province. They travel to key markets to meet target prospects and present the benefits of locating here, and they host clients in Nova Scotia to show them our assets and connect them with our business community.

The most obvious sign of success for an IAE is when a client makes the decision to invest in Nova Scotia and create high-paying, rewarding career opportunities for Nova Scotians. But there's a significant, less tangible sign of success: when Nova Scotia surpasses an investor's expectations.

Inside NSBI Export Development

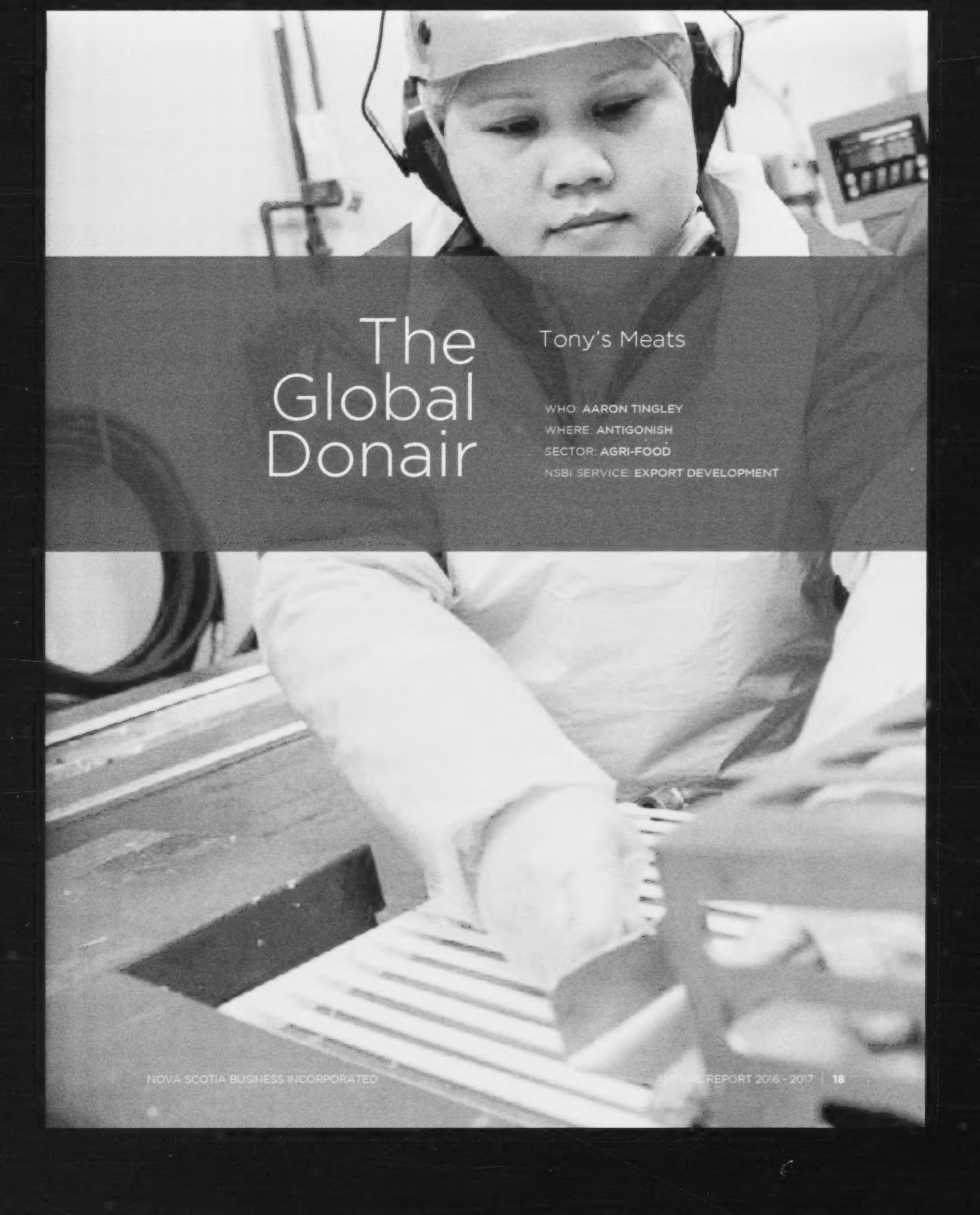
Exporting can be difficult, but it can be highly lucrative for companies who have set themselves up for success.

Export Development Executives (EDEs) and Regional Business Development Advisors (RBDAs) help assess the client's existing assets and what they need in order to begin exporting. Then they help the client navigate their way through an evolutionary process to help them begin exporting. They also travel with clients to trade shows and meet foreign buyers.

But there's more to these roles. They work closely with founders and executives to help them navigate any potential obstacles. For most exporters, this is fear of the unknown: will they make the right marketing decisions, will their product do well in export markets, will they have what it takes personally to sell their products around the world? For others, it's the challenge of making investment and hiring decisions as they try to access new markets.

Whatever the case, the clients need someone who can walk with them through it. EDEs and RBDAs help with this by making connections: to partners, to experienced exporters who have been down the road, to friendly business leaders in target markets, and to professionals who can help them make the changes and set strategies that help them succeed.

When an exporter faces his or her fear, overcomes the challenges, and starts down the path to prosperity, there's a moment when they can say "I can do this. I can make it here."



The Global Donair

Tony's Meats

WHO: AARON TINGLEY

WHERE: ANTIGONISH

SECTOR: AGRI-FOOD

NSBI SERVICE: EXPORT DEVELOPMENT

“ To get into the US market, we have to educate Americans on what a donair is. The market is so big, we’d be crazy not to go there.”

- AARON TINGLEY



Tony's Meats is the only meat-processing plant in Nova Scotia to achieve Safe Quality Food (SQF) Level-2 Certification under the Global Food Safety Initiative. They sell fresh and processed meat products to large and independent grocery retailers and the food services sector across Canada.

Why Nova Scotia?

Originally known as the Antigonish Abattoir Limited, Tony's Meats was founded in 1963. The Tony's Meats brand was launched in 1987 to serve the Atlantic Canadian food services and grocery retailers, and in 2005 the company acquired the Mr. Donair brand. Tony's Meats' headquarters and processing plant are in Antigonish, where they employ 55 people.

What challenges have you faced and overcome?

Tony's Meats has begun an aggressive exporting strategy. It has expanded its flagship Mr. Donair brand into retail markets across Canada, and with a recent Halal certification it has begun to explore new domestic markets. The company's greatest challenge may be yet to come: bringing Nova Scotia's famous donair to the United States (US).

Entering the hyper-competitive US food services market requires tight strategy and good business connections, but the rewards for success are high.

Where NSBI comes in.

In 2016, with the support of NSBI and other partners, Tony's Meats participated in the National Restaurant Association show in Chicago. The company made valuable industry and market connections that would help them market and sell donairs in the US.

"The people at NSBI have been unbelievably good to work with. They're there to help, they're hands on, and they know what they're doing. They play a key role in helping us break into the US."

A Future in Nova Scotia.

Tony's Meats is confident of its future success in the US. "I met distributors, restaurant publications, owners, buyers, and key decision makers. I have a list of people we can look to as we work to expand our donair line into the US."

Investment & Project Management Activity

Strategic Investment Funds Transactions

Company	Type	County	Amount
Web.com Canada, Inc.	Payroll Rebate	Pictou	\$ 6,307,200
Beyond Trust Software Inc. (formerly eEye Inc.)*	Payroll Rebate	Halifax	\$ 922,065
Global Spatial Technology Solutions Inc.	Payroll Rebate	Halifax	\$ 1,147,600
IBM Canada Limited/IBM Canada Limitee*	Payroll Rebate	Halifax	\$ 10,393,683
NTT Data Canada, Inc.	Payroll Rebate	Halifax	\$ 7,020,000
MUFG Fund Services (Halifax) Limited	Payroll Rebate	Halifax	\$ 1,554,000
The Bank of N.T. Butterfield & Son Limited*	Payroll Rebate	Halifax	\$ 834,237
Surette Battery Company Ltd.	Payroll Rebate	Cumberland	\$ 810,600
Apple Valley Foods Incorporated	Payroll Rebate	Kings	\$ 1,155,000
Pepper Services (Canada) Ltd.	Payroll Rebate	Halifax	\$ 4,955,000
			\$ 35,099,385

Note: The above table captures board approved payroll rebate transactions through the Province's Strategic Investment Funds as of March 31, 2017.

*Amendment

Project Management Activity*

Company	Type	County
Heartsy Studios	Project Management	Halifax
Medical Wireless Sensing Ltd.	Project Management	Halifax
Dane Creek Capital Corp	Project Management	Lunenburg
First Catch Fisheries	Project Management	Shelburne
Conquer Mobile	Project Management	Halifax

* Project Management Activity is defined as activity where NSBI played a significant role in attracting the company's growth in Nova Scotia without providing an economic incentive.

Where we worked – Around the Globe

NSBI doing business across the globe through export development and investment attraction*



Australia	Cuba	Israel	Poland	Sri Lanka
Austria	Denmark	Jamaica	Portugal	Sweden
Barbados	England	Japan	Puerto Rico	Switzerland
Belgium	Finland	Malaysia	Romania	Taiwan
Bermuda	France	Mexico	Saudi Arabia	Thailand
Canada	Germany	Netherlands	Scotland	Ukraine
Cayman Islands	Hungary	New Zealand	Singapore	United Arab Emirates
Chile	Iceland	Norway	South Africa	United States
China	Iran	Peru	South Korea	Vietnam
Colombia	Ireland	Philippines	Spain	

* Shaded regions represent markets where NSBI targeted its investment attraction efforts and/or supported clients to engage in in-market business development initiatives.

Nova Scotia Film & Television Production Incentive Fund

Approved Funding Commitments

Production Company	Parent Company	Film Production	Type	Amount
Short Stop Pictures IX Ltd.	Short Stop Pictures IX Ltd.	Short Film Face Off 2016	TV mini-series	\$ 70,426
Spiteful Threesome Pictures Inc.	Emotion Pictures	Sex & Violence - Season III	TV mini-series	\$ 160,945
DHX-Hour Productions (NS) XXIV Inc.	DHX Media Ltd.	This Hour Has 22 Minutes - Series XXIV	TV series	\$ 2,377,510
Sunnyvale Production II Inc.	Swear Net Holdings Inc.	Trailer Park Boys Season II	TV series	\$ 1,418,003
Seawalker Productions Inc.	Seawalker Productions Inc.	Sea Change	Series pilot	\$ 616,972
Small Town Productions Inc.	Magic Rock Productions	The Mist	TV series	\$ 5,927,492
Horse Sense Films Inc.	Tell Tale Productions Inc.	Hinchinbrook	Documentary	\$ 145,468
Harry's Island Film Inc.	Vertical Productions Inc.	Harry's Island	Movie of the week	\$ 691,449
Pure Season 1 Inc.	Two East Productions Inc.	Pure	TV series	\$ 2,363,472
Hack2 Productions Inc.	Clerisy Management Group Ltd.	Talented	Documentary	\$ 119,449
Dignity Productions Inc.	Clerisy Management Group Ltd.	My Way	Documentary	\$ 119,215
Moms Productions Inc.	Clerisy Management Group Ltd.	Ability	Documentary	\$ 119,640
Tell Tale International Inc.	Tell Tale Productions Inc.	The Curse of Oak Island Season 4	TV series	\$ 1,271,546
Comedy TV 17 Inc.	Pilot Light Productions Inc.	Halifax Comedy Festival 2017	TV series	\$ 142,978
Studio Black Productions Ltd.	Picture Plant Ltd.	Studio Black! Season 2	TV mini-series	\$ 230,550
3291627 Nova Scotia Ltd.	3291627 Nova Scotia Ltd.	Trajectoires 4	TV series	\$ 203,427
3286993 Nova Scotia Ltd.	3286993 Nova Scotia Ltd.	Pour L'amour du Country XV	TV series	\$ 243,979
Lunenburg Films Inc.	Tell Tale Productions Inc.	Lunenburg Nova Scotia Where the Land Meets the Sea	Documentary	\$ 72,385
TPB OTP Productions 2 Inc.	Swear Net Holdings Inc.	Trailer Park Boys Out of the Park: USA	TV series	\$ 736,057
SV Shoals Incorporated	Swear Net Holdings Inc.	Sunnyvale Shoals	TV series	\$ 556,701
Fame Game Productions Inc.	Peep Media Inc.	East Coast Fame Game	Documentary	\$ 22,912
3300734 Nova Scotia Ltd.	Connections Productions Inc.	Vague D'Acadie	Documentary	\$ 52,489
Brojects NS Ltd.	Farmhouse Productions Ltd.	Brojects: In The House Season 2	TV series	\$ 68,463
Tell Tale Entertainment Inc.	Tell Tale Productions Inc.	Evil Outdoors	Documentary TV series	\$ 200,045
Dream Street SB Pictures Inc.	Dream Street Pictures Inc.	Sickboy	Documentary	\$ 129,140
Fence Post Productions Inc.	Clerisy Management Group Ltd.	Eyes For The Job	TV series	\$ 147,944
Haunted Productions Ltd.	Winter Light Productions Inc.	Haunted	TV series	\$ 281,619

Approved Funding Commitments (Continued)

Production Company	Parent Company	Film Production	Type	Amount
Blac Op Films Inc.	Blac Op Films Inc.	Black Cop	Feature film	\$ 60,840
Cannabis Pictures Inc.	Ruby Tree Films Inc.	Cannabis Crusaders	Documentary	\$ 36,219
Beyond Productions Inc.	Clerisy Management Group Ltd.	Redneck Psychic	Documentary	\$ 105,418
Ocean Entertainment Ltd.	Ocean Entertainment Ltd.	The Halifax Explosion	Documentary	\$ 78,590
Brewed Productions Inc.	Clerisy Management Group Ltd.	Nostalgia	Documentary	\$ 105,162
Winter Light Productions Inc.	Winter Light Productions Inc.	Cinema 902	TV mini-series	\$ 243,200
Bad Astronaut Inc.	Bad Astronaut Inc.	Hopeless Romantic	Feature film	\$ 247,506
Fast Films Inc.	Fast Films Inc.	Polaroid	Feature film	\$ 1,718,640
Mr. D S6 Productions Ltd.	Topsail Productions Ltd.	Mr. D - Series VI	TV series	\$ 1,640,533
Saltwind Productions Inc.	Ka Nata Productions Inc.	Bluenose: The Legend Lives	Documentary	\$ 80,515
Grand Total (37 productions)				\$ 22,806,899

Note: The above table captures approved funding commitments through the Nova Scotia Film & Television Production Incentive Fund from April 1, 2016 to March 31, 2017.

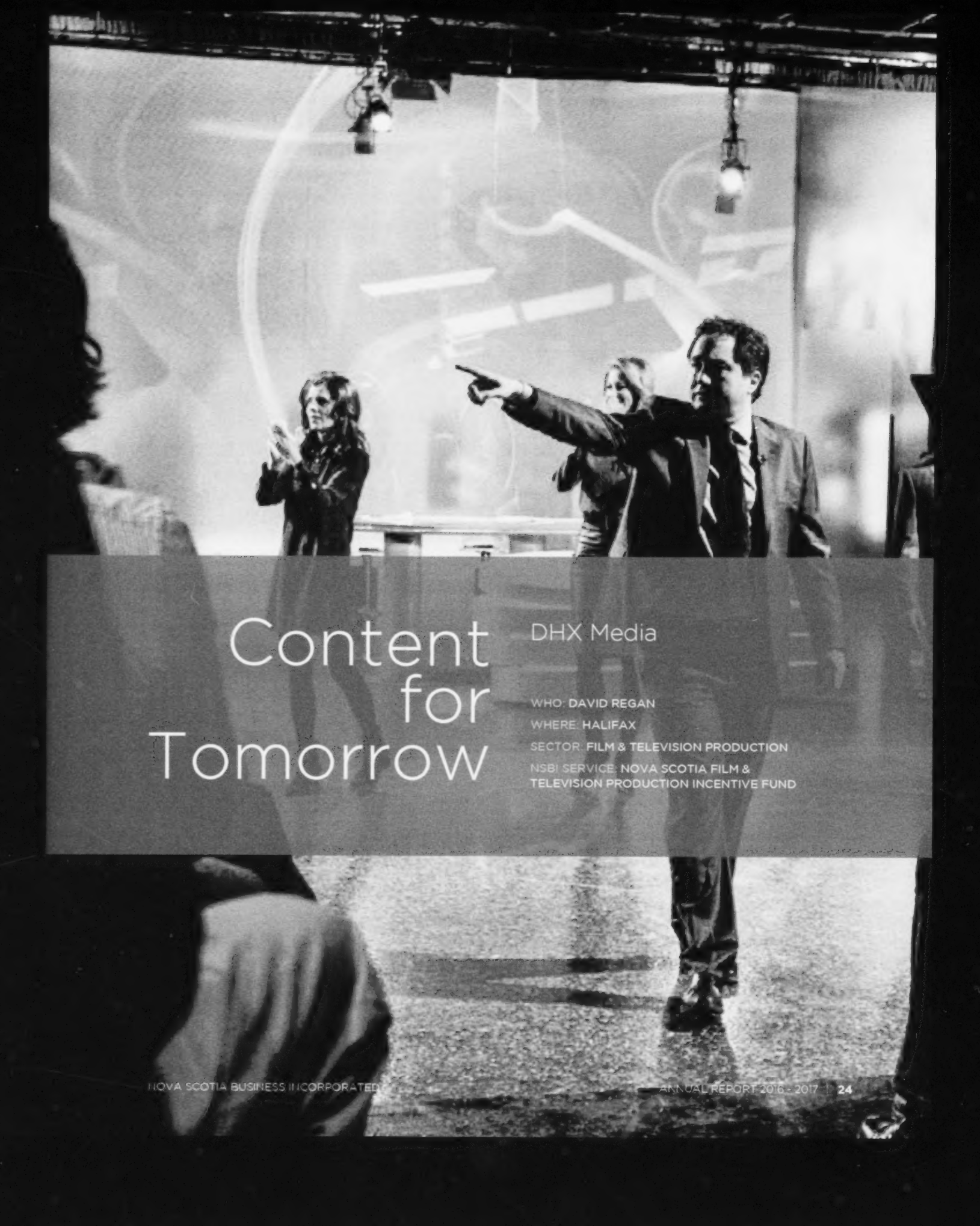
Eastlink TV Independent Production Fund Program*

Approved Funding Commitments

Production Company	Parent Company	Film Production	Type	Amount
Mr. D S6 Productions Ltd.	Topsail Productions Ltd.	Mr. D - Series VI	TV series	\$ 195,720
Pure Season 1 Inc.	Two East Productions Inc.	Pure	TV series	\$ 114,180
Studio Black Productions Ltd.	Picture Plant Ltd.	Studio Black! Season 2	TV series	\$ 104,380
DHX-Inspector Gadget Productions III Inc.	DHX Media Inc.	Inspector Gadget - Season III	TV series	\$ 195,720
Edison Productions Inc.	Six Eleven Media	Addison Season I	TV series	\$ 145,000
Grand Total (5 productions)				\$ 755,000

Note: The above table captures approved funding commitments through the Eastlink TV Independent Production Fund Program from April 1, 2016 to March 31, 2017.

* The Eastlink TV Independent Production Fund Program is delivered through the Nova Scotia Independent Production Fund, a not for profit corporation incorporated by Nova Scotia Business Inc. on April 1, 2016 for the sole purpose of being a certified independent production fund under the CRTC's Broadcasting Regulatory Policy.



Content for Tomorrow

DHX Media

WHO: DAVID REGAN

WHERE: HALIFAX

SECTOR: FILM & TELEVISION PRODUCTION

NSBI SERVICE: NOVA SCOTIA FILM &
TELEVISION PRODUCTION INCENTIVE FUND

DHX Media is a content and brands company with a library of over 12,500 hours of content that's distributed around the world. Based in Halifax with offices worldwide, it owns popular brands such as *Teletubbies*, *Yo Gabba Gabba!*, *Inspector Gadget*, *Caillou*, *Degrassi*, and *This Hour Has 22 Minutes* - Canada's longest-running TV comedy.

In May 2017, DHX Media announced that it had signed agreements to acquire 80% of the famed Peanuts brand, and 100% of the Strawberry Shortcake brand. The purchase is expected to close in late June 2017.

DHX Media content is distributed over broadcast and online services including Netflix and YouTube.

Why Nova Scotia?

DHX Media has deep roots extending back more than a decade in Nova Scotia. Founded and headquartered in Halifax, it is a long-standing member of our creative community. DHX Media invests in developing local talent through education, training, and employment on its productions and in its animation studio.

What challenges have you faced and overcome?

The way people consume content is constantly changing. Traditional broadcast remains the primary segment of the content market, but subscription and advertising video-on-demand services like Netflix and YouTube continue to capture an increasing share.

To keep its competitive edge in this growing, highly competitive global market, DHX Media plays to its strengths of innovation, developing talent, and smart growth.

Where NSBI comes in.

In 2016, DHX Media's production *This Hour Has 22 Minutes (Series XXIV)* received funding from the Nova Scotia Film and Television Production Incentive Fund (NSFPITF) through NSBI.

A future in Nova Scotia.

A leading children's content and brands company, DHX Media is recognized globally for high-profile properties, owning the world's largest independent library of children's content. It licenses its content to broadcasters and streaming services worldwide and generates royalties through its robust global consumer products program.

“With the support of NSBI and the Nova Scotia Film and Television Production Incentive Fund, DHX Media, and Nova Scotia, remain strong competitors in the multi-billion-dollar global content industry, and continue to develop and engage an important pool of talent in Nova Scotia, year after year.”

- DAVID REGAN

Managing Live Events

Marcato Digital Solutions

WHO: DARREN GALLOP

WHERE: SYDNEY

SECTOR: ICT

NSBI SERVICE: EXPORT DEVELOPMENT



Based in Sydney, Nova Scotia, Marcato Digital Solutions is a local company with a global reach.



Marcato Digital Solutions made its mark with the creation, development, and evolution of an innovative event management system that simplifies and automates the management of sporting events, music and film festivals, and conferences.

Why Nova Scotia?

When asked why he chose to base his business in Nova Scotia, CEO Darren Gallop explains "For me, this is where I am, this is where I want to be, and this is where I'm going to build my business from. It's the quality of life. That's the reason I live here."

Nova Scotia also provides Marcato with a significant geographic advantage - in a single business day it can service European clients in the morning and Western Canadian and American clients in the afternoon. There is also a more down-to-earth reason: our province's competitive cost of doing business means Marcato can provide meaningful, exciting work to Nova Scotians.

What challenges have you faced and overcome?

Marcato's greatest challenge is familiar to many Nova Scotian exporters: where to market? The global live events market is large, dynamic, and competitive. New events and festivals are always being added, and new competitors are constantly emerging. Choosing the right marketing strategy is vital to survival.

Where NSBI comes in.

The results have been stellar: Marcato has more than doubled its sales travel, leading to an exponential growth in revenue.

"NSBI worked with us to identify key markets and regions where we could focus our marketing efforts. This includes providing travel and logistics support that helped us attend trade shows, meet clients, and make important connections."

A future in Nova Scotia.

In 2016-2017, Marcato built on its success, winning contracts with major festivals including Bonaroo, Just for Laughs, and Lightning in Bottle. Although Marcato enjoyed a first-mover advantage, the live events marketplace is becoming more competitive. The company continues to build on Nova Scotia's strengths: affordable cost of living, advanced infrastructure, and lifestyle.

Strategic Growth

MUFG Investor Services

WHO: KEVIN MURPHY

WHERE: HALIFAX

SECTOR: FINANCIAL SERVICES

NBSI SERVICE: INVESTMENT ATTRACTION



MUFG Investor Services is the global asset servicing arm of Mitsubishi UFJ Financial Group (MUFG). MUFG has over 350 years of history and is home to a global network of over 140,000 employees in 1,100 offices across more than 40 countries. As one of the largest banks in the world, MUFG has USD \$2.5 trillion in assets and a market capitalization of over USD\$90bn. MUFG is driven by the vision to be the world's most trusted financial group. This is backed by an unyielding focus on lasting relationships, as reflected in MUFG's consistent delivery of solutions that exceed the expectations of clients worldwide.

Why Nova Scotia?

Halifax has many advantages over other locations in the investor services industry, including access to innovative and flexible universities and new graduates; a time zone advantage over the United States, where MUFG derives most of its business; geographical proximity and easy travel to financial centres like New York, Chicago, and London; a mature local financial services community from which MUFG can draw expertise; and an exceptional quality of life that enables MUFG to attract and recruit employees from around the world.

What challenges have you faced and overcome?

MUFG has chosen to make its Halifax office its strategic growth centre for North America. To facilitate this growth, the company needed to encourage existing staff and new recruits to join the Halifax office.

Where NSBI comes in.

NSBI has provided MUFG with a payroll rebate. Nova Scotia's competitive business costs and incentives contribute to one very attractive bottom line.

A future in Nova Scotia.

MUFG is focused on building lasting relationships with staff and the local financial services community. The company's choice of Halifax as a key strategic office is further reinforced by Nova Scotia's ever-growing pool of junior and intermediate talent.



Where we worked

Locations of NSBI clients across the province*

Trade Market Intelligence



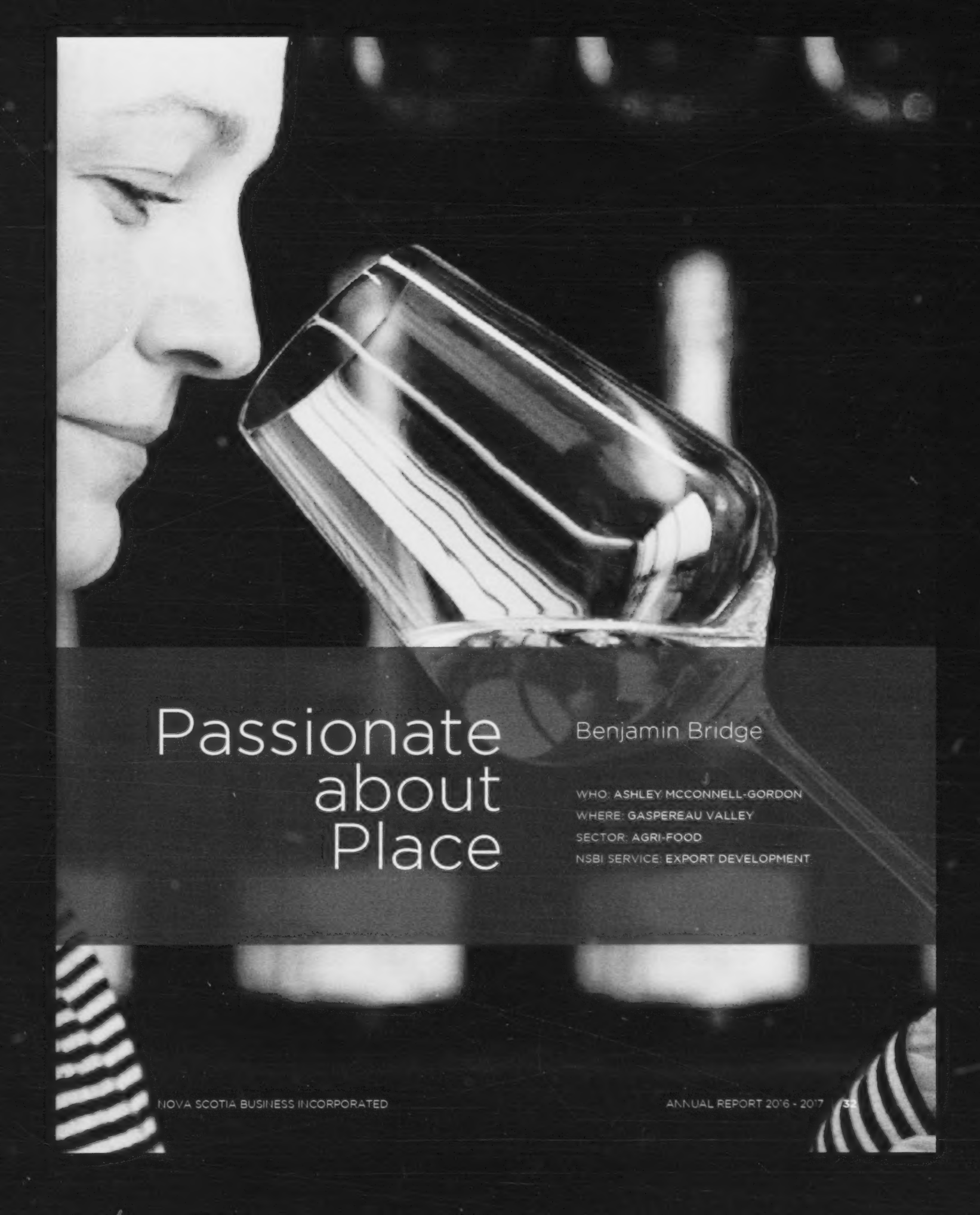
Export Growth Program and
Small Business Development Program





* Location of clients who have received Facilitation or Trade Market Intelligence services, received funding through the Small Business Development Program and/or Export Growth Program, and/or travelled on Trade Missions during fiscal 2016-2017.

** Locations of Think Export Information Sessions held across the province during fiscal 2016-2017.



Passionate about Place

Benjamin Bridge

WHO: ASHLEY MCCONNELL-GORDON

WHERE: GASPÉ VALLEY

SECTOR: AGRI-FOOD

NSBI SERVICE: EXPORT DEVELOPMENT

Ashley McConnell-Gordon explains that the Gaspereau Valley's distinct terroir is the expression of land and climate that ensures Benjamin Bridge's artisan wines are reflections of place.

"Nova Scotia's terroir, and the wine it produces, is some of the most distinctive on earth. So for us, there was a passion for place, and a passion for what we could do at the international level."

Why Nova Scotia?

Top quality winemaking has deep roots in Nova Scotia. The unique Bay of Fundy ecosphere, our maritime climate, and the acidic soils of the Annapolis Valley combine to produce excellent wines. The grape growing and winemaking industry are also driving renewed economic activity in rural Nova Scotia, and have attracted young Nova Scotians into agricultural production. Indirect effects include increased wine tourism in the province, with economic benefits to local communities.

What challenges have you faced and overcome?

Nova Scotia wineries need to grow and sustain markets for Nova Scotian wine. Increasing local and national wine sales is a priority, as is wine tourism, but the real mission is to expand international markets for high-quality Nova Scotian wines. Benjamin Bridge reserves a certain percentage of its production for export, and needs to explore and access ways in which it can export its wines worldwide.

Where NSBI comes in.

Benjamin Bridge wines are found in the United Kingdom, Europe, Japan, and China, and they continue to explore and access new markets. With NSBI's support, the winery's exports have grown 30%.

"NSBI helped us develop an export plan to learn about and access markets, understand wine export regulations, attend trade shows, and access outside expertise to market and export our wines."

A future in Nova Scotia.

Benjamin Bridge wines are making their mark on the world stage. They've been garnering acclaim and awards worldwide and making inroads to new markets. Benjamin Bridge wines have appeared in Michelin-starred restaurants in France.

“ When we began production, we allocated a portion of our volume to open up export markets for the future. Not only for the future when there's lots of production, but also because we wanted to build the reputation of Nova Scotia and attract people here.”

- ASHLEY MCCONNELL-GORDON



NSBI by the Numbers

Over
\$35 Million

in funding committed
through the Strategic
Investment Funds for
FDI transactions
in 2016-2017.

40.1%
Increase

in client-reported
actual export sales from
ICT, Seafood & Agri-food
and Oceans sectors.

GOAL: 5% INCREASE

26

Nova Scotia Business Inc.
clients that became new
exporters in 2016-2017.

2016-2017 GOAL: 15
2015-2016 ACTUAL: 7

30.5%
Increase

in client-reported
actual export sales.

GOAL: 5% INCREASE

14

of these were from ICT,
Seafood & Agri-food and
Oceans sectors.

25%
Increase

of FDI transactions
located outside
Halifax.

Attracted
15

innovative, globally
competitive, exporting
FDI companies to locate
in Nova Scotia in
2016-2017.

2016-2017 Corporate Results Discussion & Analysis

NSBI's results are measured through the outcomes attained by the private-sector clients that have accessed our programs and services over the past year. The survey utilized by NSBI to measure the results achieved by our private-sector clients focuses on three key areas:

Trade

1. Strive for Global Competitiveness, Trade, and Investment

GROWTH IN THE VALUE OF EXPORTS AND NUMBER OF COMPANIES EXPORTING AND INVESTING IN NOVA SCOTIA

In 2016-2017, NSBI and our partners put considerable emphasis on building export capacity within businesses across the province. We equipped new exporters to pursue certifications in export markets, we went into markets with our exporting companies to support their achievement of sales and market growth, and we supported clients to travel and pursue markets identified as having high export potential for their products and services. The value of export sales among NSBI clients surveyed increased by 30.5%, and 26 of the clients that NSBI worked with that did not export outside of Nova Scotia in 2015 did report export sales outside of the province in 2016. Also, clients surveyed indicated a 10.8% increase in the actual payroll generated in 2016-2017.

NSBI focused our investment attraction efforts on innovative, exporting companies outside Nova Scotia's borders to locate in our province and add to our competitive mix of globally competitive companies. NSBI's goal was to secure 22 companies to establish a business location in Nova Scotia in 2016-2017, and we succeeded in attracting 15 to grow in the province. Although NSBI had a 25% decrease in FDI transactions in 2016-2017 compared with the previous year, the funding committed through the Strategic Investment Fund for FDI transactions in 2016-2017 amounted to over \$35 million, representing an increase of 60% over 2015-2016. Additionally, NSBI improved the regional representation of FDI transactions with a 25% increase in the number of transactions located outside of the Halifax area.

NSBI continued its work with companies across Nova Scotia to identify and explore financing options to help them grow their businesses here in the province. The value of capital investment among NSBI clients surveyed decreased by 36.6% in 2016.

Investment and Payroll

2. Build Capacity in High-Potential Clusters (ICT, Oceans, and Seafood & Agri-food)

GROWTH IN THE VALUE OF EXPORTS AND NUMBER OF COMPANIES EXPORTING AND INVESTING IN NOVA SCOTIA, WITHIN THE HIGH-POTENTIAL CLUSTERS OF ICT, OCEANS, AND SEAFOOD & AGRI-FOOD

NSBI supports Nova Scotia's efforts to build capacity and grow companies within the high-potential clusters of ICT, Oceans, and Seafood & Agri-food, with 14 of NSBI's clients that became new exporters over the past year coming from these sectors. NSBI's clients within these high-potential clusters reported a 40.1% increase in export sales, a 21.9% increase in payroll, a 9.9% decrease in capital investment.

Of the 15 businesses NSBI was successful in attracting to expand operations in Nova Scotia in 2016-2017, 9 of these were from within the high-potential clusters, with 4 of these companies choosing to locate outside the Halifax area.

3. Improve the Business Confidence

IMPROVE THE BUSINESS CLIMATE CONFIDENCE AMONG NSBI CLIENTS

NSBI also worked with companies across all regions of the province to navigate businesses to resources and programs that would build their capacity and confidence to overcome barriers, increase global competitiveness, and maximize opportunities for growth. NSBI's clients surveyed reported a 6% increase in business confidence during 2016.

Looking Ahead

Globally Competitive, Exporting Companies

NSBI will capitalize on valuable insight received from our clients to lift our export development efforts to a new level in 2017-2018. We will ensure our suite of products and services respond to the needs of our clients across the province and provide timely and impactful export development resources when and where our clients need them. NSBI will arm businesses with market intelligence and enable our clients to engage the expertise they need to build export capacity and grow. We will deliver one-on-one export development services and training tailored to the unique needs of our clients, and help small and medium exporters in the province enhance their export culture, planning, preparedness, and competitiveness, with an aim to growing exports.

Innovation is a key driver of business productivity and increasing provincial GDP. NSBI pivoted our foreign direct investment (FDI) focus two years ago to identify and attract innovative, national and international exporting companies with benefits to be gained from a Nova Scotia location. We will remain focused on attracting the best global players to establish a business operation in regions across Nova Scotia, and our FDI transactions will have a positive return on investment (ROI), driving innovation and realizing real growth and return for the province.

NSBI will re-evaluate and strengthen our investment attraction prospecting approach, utilizing intelligence tools, and mining identified connections to Nova Scotia to narrow our targets. NSBI's Productivity and Innovation Voucher Program will help small and medium-sized businesses all across the province become more productive and innovative while building stronger linkages between businesses and Nova Scotia universities and colleges.

NSBI's export development and investment attraction efforts will be measured through the number of clients becoming new exporters, the annual increase in client-reported actual export sales, actual payroll in 2017-2018 generated by clients, the ROI of payroll rebate transactions, and the number of linkages created between businesses and Nova Scotia's universities and colleges.

In 2017-2018, NSBI will target working with a minimum of 15 companies across Nova Scotia to become new exporters, a 10% increase in actual export sales among clients, a 15% increase in payroll generated by clients, an average ROI to the province of 30% on payroll rebate transactions, and the creation of 30 new linkages between businesses and Nova Scotia's universities and colleges.

Grow High-Potential Clusters

NSBI will utilize our expertise, tools, and programs to build and grow the high-potential clusters of ICT, Oceans, and Seafood & Agri-food. We will continue to focus on attracting investment from the Financial Services sector, building on our past success in developing this sector in Nova Scotia. NSBI will open doors for our companies through working with partners to develop and implement action-based, outcomes-focused engagement and business development plans for China, the European Union, and the United States. NSBI has heard from our companies that they need a foothold in the Boston market to support their efforts, and we will respond with an in-market presence to represent and grow Nova Scotia's exports into this market.

NSBI will target for a minimum of 10 of the 15 new exporters in 2017-2018 to be from within the high-potential clusters of ICT, Oceans, Seafood & Agri-food, a 10% increase in actual export sales, and a 15% increase in actual payroll within these high-potential clusters.

Confident, Globally Connected Businesses Rooted in Nova Scotia

NSBI will be a positive business voice, sharing export successes at home and promoting Nova Scotia's story abroad. We will work with partners to build connections and awareness outside our borders, and to grow and promote Nova Scotia's profile in key global markets. NSBI will introduce new online tools and services to enable Nova Scotia businesses from across the province to connect to resources in a timely manner to support their growth, and we will deliver and implement initiatives to drive productivity and innovation, positively impacting business confidence in the province.

NSBI's efforts to improve the business confidence among its clients will be measured through the Business Climate Confidence Index of NSBI's client metrics survey. NSBI will target an upward trend in the Business Climate Confidence Index among NSBI's clients in 2017-2018.



Pristine Waters

Victoria Co-operative Fisheries

WHO: OSBORNE BURKE

WHERE: NEIL'S HARBOUR

SECTOR: SEAFOOD

NSBI SERVICE: EXPORT DEVELOPMENT

Why Nova Scotia?

Victoria Co-operative Fisheries was founded in 1956 during the Antigonish Movement, a grassroots movement that allowed small resource-based communities to improve their economic future through co-operative development and production. Through careful investment and management of stocks, the co-op grew over the subsequent years, returning all revenues to the community. In 2016, the co-op's total sales exceeded \$30 million and its products are sold across Canada and the United States, in Europe, and in Asia.

What challenges have you faced and overcome?

Newly open markets in Europe and increasing worldwide demand for high-quality seafood mean there's a strong demand for Victoria Co-operative Fisheries products, but they face significant challenges reaching those markets. "Different markets have different formats, so we need to get to the local trade shows to see what the seafood buyers want. We can't afford the logistical cost to visit these shows and demonstrate our products," says Osborne Burke, General Manager.

Where NSBI comes in.

In 2016, NSBI also worked with government partners to promote the new Nova Scotia Seafood brand, a brand that highlights producers of high-quality seafood such as Victoria Co-operative Fisheries.

"NSBI provided Victoria Co-operative Fisheries with logistical support to attend trade shows and connect with local buyers in strategic export markets. With this support, Victoria Co-operative Fisheries could allocate its marketing funds to the markets that have the best potential for returns."

A future in Nova Scotia.

Victoria Co-operative Fisheries partnered with NSBI to expand into markets in China. The goal for the expansion was to export at least two shipping containers of seafood. The results exceeded expectations. In 2016, Victoria Co-operative Fisheries exported six containers to China - and embarked on plans to expand into Vietnam.



“The world consumes protein. A big percentage of that protein comes from the sea. Nova Scotia's unique pristine waters and well-managed fishery let us sell prime quality seafood to customers around the world.”

- OSBORNE BURKE



Tactical Diversity

REDSpace

WHO: MIKE JOHNSTON

WHERE: BEDFORD

SECTOR: DIGITAL MEDIA

NSBI SERVICE: EXPORT DEVELOPMENT

REDspace creates innovative ways to deliver rich media content and engages users with interactive experiences. Its client list is a who's-who of the entertainment and technology world, including Turner, Fox, NBC, CBS, Viacom, and IBM.

Why Nova Scotia?

Nova Scotia is the "why" for REDspace. Access to a motivated, highly educated, and innovative workforce, and the competitive cost of doing business made locating here a smart decision, but CEO Mike Johnston says there's another, more profound reason:

"No other digital interactive company works at the level we do. There's something Nova Scotia kitchen party about what we do, like 'come sit around the fire and we'll figure out your problem for you.' It's a level of skill paired with a genuine interest in doing right by a client. Our customers in places like New York don't find it anywhere else."

What challenges have you faced and overcome?

REDspace has been expanding with a move into corporate learning and simulations for the aerospace and defence sector. The company faces a steep learning curve as it tries to understand a new landscape, and navigate new export regulations and government procurement processes.

Where NSBI comes in.

"NSBI is great where the rubber meets the road. They're always trying to help us do better and shine a light on what we're doing. The main thing NSBI really helps me with is business development, and being out in the market. They have trade missions, they have support programs, they get to the key industry events worldwide, and they have experts who are good at matchmaking and making introductions. They were helpful to me when I was smaller and trying to expand. But even now as we move into the aerospace and defence sector, they're helping me understand the landscape. They're helping me take success in other industries, and diversify laterally into other places."

A future in Nova Scotia.

REDspace is export-driven, with most of its work outside Nova Scotia. It continues to build on its strengths, both abroad as the company capitalizes on its advantages to enter new markets, and at home as REDspace continues to build a diverse team that shares a unique work ethic.





Inspiring Innovation

Acadia Robotics Program

WHO: GARY WALSH

WHERE: WOLFVILLE

SECTOR: ICT

NSBI SERVICE: COMMUNITY PARTNERSHIP





"Our competitions were created to get Nova Scotia kids interested in science in a fun and exciting way," says Gary Walsh, Director, Robot Programming Competitions. "They learn that science doesn't just happen in a lab, it's all around us. When these kids learn to design and program a robot, they develop teamwork, creativity, and entrepreneurial skills that make them the builders of tomorrow's technology."

Why Nova Scotia?

The program began in 2005 when Acadia professor Dr. Danny Silver ran a one-day robot competition for eight high school teams. The competition was a success and soon grew into a province-wide competition. In 2017, 279 boys and 126 girls in 86 teams from across Nova Scotia entered the competition.

What challenges have you faced and overcome?

Top teams have gone on to win national and international events. Advances in robot technology mean that the program needs to upgrade its robots to the new international standard, the LEGO EV-3. The program relies on support from the community for facilities and robots so they can continue to expand the program and reach more kids.

Where NSBI comes in.

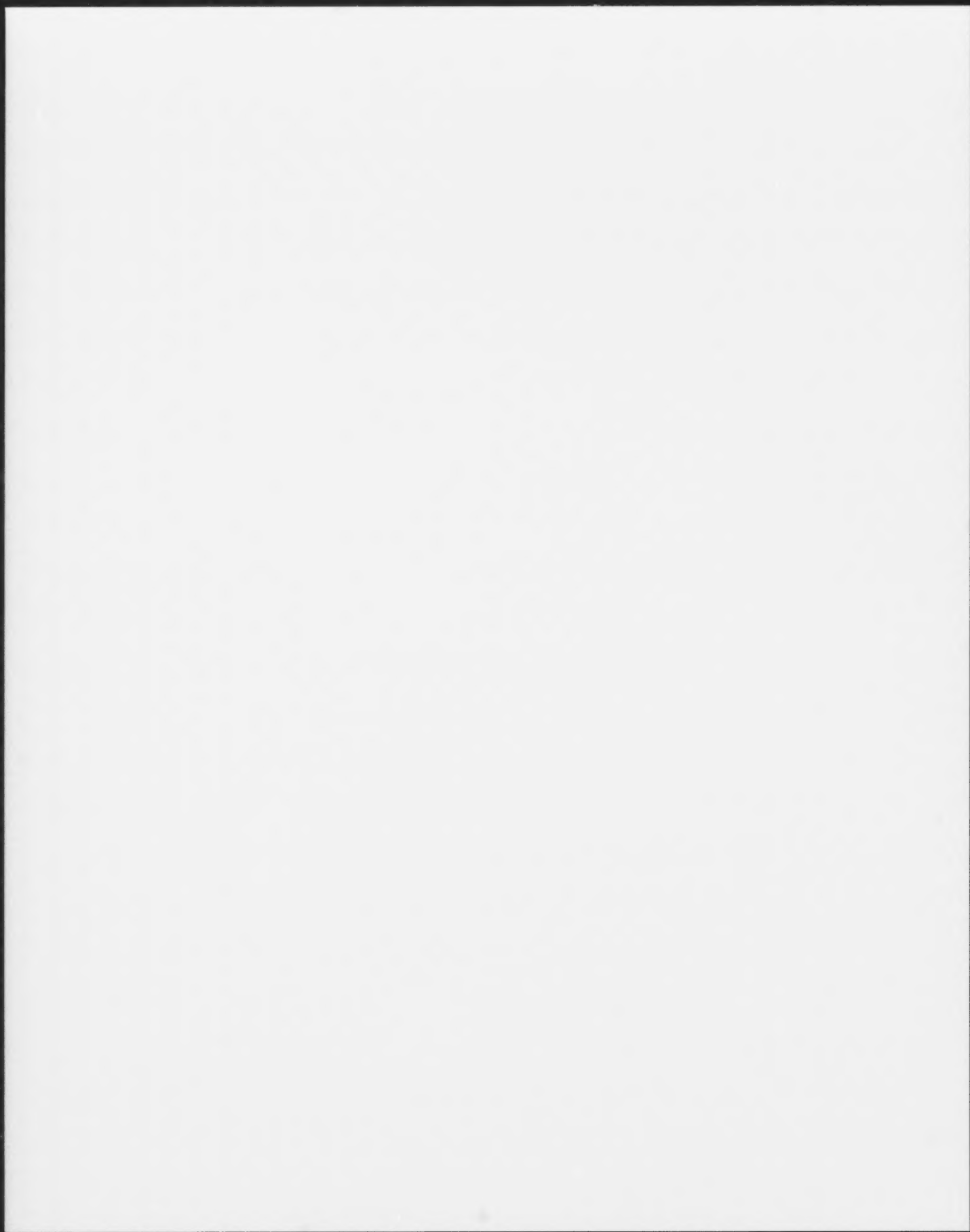
"The ICT and tech sector in Nova Scotia are key areas of focus for NSBI. Through the Acadia Robotics Program, we can help shape the workforce of the future by providing opportunities for tomorrow," says Laurel Broten, president and CEO, NSBI.

NSBI began supporting the Acadia Robotics Program in 2006, and has provided financial support every year since then. When the program began the transition to the EV-3 robot, NSBI purchased five robot kits to be distributed to schools.

A future in Nova Scotia.

An investment in science education for kids is an investment in Nova Scotia's future. Since the inception of the Acadia Robotics Program, many competitors have gone on to study technology-related programs at university and college. The program is also expanding beyond schools. "Any team of kids can compete," says Walsh. "They can work in a garage, a basement, anywhere. We just provide the robot and the kids jump right in and start creating. It's incredible what they can do."

Appendix: Financial Statements (Audit Results)



n | s | b | i
Nova Scotia Business Inc.



Nova Scotia Business Inc.

1800 ARGYLE ST. #701 HALIFAX, NS B3J 3N8

NOVASCOTIABUSINESS.COM



Consolidated financial statements of

Nova Scotia Business Incorporated

March 31, 2017

Nova Scotia Business Incorporated

March 31, 2017

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Management's Report

Management's Responsibility for the Consolidated Financial Statements

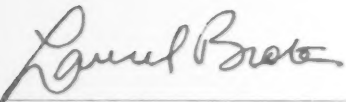
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal consolidated financial statements on a quarterly basis and external audited consolidated financial statements yearly.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Nova Scotia Business Incorporated and meet with them when required.

On behalf of Nova Scotia Business Incorporated



Laurel C. Broten
CEO



Ferdinand Makani
Controller

[Date]

Independent Auditor's Report

To the Board of Directors of
Nova Scotia Business Incorporated

We have audited the accompanying consolidated financial statements of Nova Scotia Business Incorporated, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and changes in accumulated operating surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nova Scotia Business Incorporated as at March 31, 2017 and the results of its operations, changes in net financial assets and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
June 28, 2017

Nova Scotia Business Incorporated

Consolidated statement of operations and changes in accumulated operating surplus year ended March 31, 2017

(In thousands of dollars)

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Revenue			
Provincial			
Strategic investment grant	12,282	14,234	9,785
Operating grant	13,881	13,721	14,836
Nova Scotia Film and Television Production grant	10,000	10,413	-
Loan valuation allowance grant	1,570	1,570	716
Miscellaneous	158	292	520
Other	834	1,580	1,462
Interest on loans receivable	1,405	1,353	1,822
Gain on sale of tangible capital assets	-	1,141	313
Nova Scotia Independent Production Fund ("NSIPF") revenue (Schedule 1)	-	562	528
Federal	1,558	226	605
Recovery of equity investments and development loans	100	113	130
Investment income (loss)	10	56	(220)
	41,798	45,261	30,497
Expenses			
Operating expenses (Schedule 2)	15,890	14,497	15,783
Strategic investments	12,282	14,234	9,785
Nova Scotia Film and Television Production incentives	10,000	10,413	-
Transfer payments to the Province of Nova Scotia (Note 2)	-	1,145	313
Nova Scotia Business Fund: other expenses (Schedule 3)	1,735	1,086	3,987
Nova Scotia Independent Production Fund ("NSIPF") expenses (Schedule 1)	-	562	528
Film production equity investments	-	28	-
Provision for accrued interest receivable	20	13	(175)
Provision for credit (recoveries) losses and payment of guarantees	1,643	(766)	2,056
	41,570	41,212	32,277
Annual operating surplus (deficit)	228	4,049	(1,780)
Accumulated operating surplus, beginning of year	9,006	9,006	10,766
Accumulated operating surplus, assumed from FCINS (Note 1)	-	-	20
Accumulated operating surplus, end of year	9,234	13,055	9,006

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Incorporated

Consolidated statement of changes in net financial assets year ended March 31, 2017

(In thousands of dollars)

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Annual operating surplus (deficit)	228	4,049	(1,780)
Change in tangible capital assets			
Amortization of tangible capital assets	50	51	55
Gain on sale of tangible capital assets	-	(1,141)	(313)
Proceeds from sale of tangible capital assets	-	1,145	313
Net change in tangible capital assets	278	4,104	(1,725)
Change in other non-financial assets			
Acquisitions of prepaid assets	-	(34)	(55)
Use of prepaid assets	-	55	8
Net change in other non-financial assets	-	21	(47)
Increase (decrease) in net financial assets	278	4,125	(1,772)
Increase (decrease) in net financial assets	278	4,125	(1,772)
Net financial assets, beginning of year	7,884	7,884	9,637
Net financial assets, assumed from FCINS (Note 1)	-	-	19
Net financial assets, end of year	8,162	12,009	7,884

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Incorporated

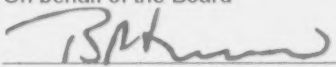
Consolidated statement of financial position

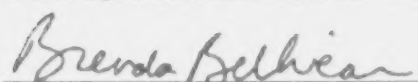
as at March 31, 2017

(In thousands of dollars)

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents (Note 13)	24,296	23,825
Accrued interest receivable	146	161
Other receivables	274	512
Receivables - NSIPF	32	31
Due from the Province of Nova Scotia	22,902	10,834
Loans receivable (Note 3 and 6)	22,255	28,969
Equity investments (Note 4 and 6)	12,826	13,055
	82,731	77,387
Liabilities		
Accounts payable and accrued liabilities	25,570	15,348
Accounts payable and accrued liabilities - NSIPF (Note 1)	5	5
Deferred revenue	329	360
Deferred revenue - NSIPF (Note 1)	217	30
Accrued interest payable	-	95
Employee benefits and other liabilities (Note 15)	1,265	1,769
Provision for payment of guarantees (Note 6 and 10)	295	367
Due to shareholder (Note 7)	41,160	50,706
Film production assistance commitments payable	190	235
Film production assistance commitments payable - NSIPF (Note 1)	546	275
Transfer payments payable to the Province of Nova Scotia (Note 2)	1,145	313
	70,722	69,503
Net financial assets	12,009	7,884
Non-financial assets		
Tangible capital assets (Note 5)	1,012	1,067
Prepaid expenses	34	55
	1,046	1,122
Accumulated operating surplus	13,055	9,006
Contractual obligations (Note 9)		
Contingencies (Note 10)		
Subsequent event (Note 20)		

On behalf of the Board

 Director

 Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Incorporated

Consolidated statement of cash flows

year ended March 31, 2017

(In thousands of dollars)

	2017	2016
	\$	\$
Operating transactions		
Annual operating surplus (deficit)	4,049	(1,780)
Items not affecting cash and cash equivalents		
Amortization of tangible capital assets	51	55
Redemption of loan valuation allowance receivable	(1,570)	(12,544)
Allowance for credit losses and provision for payment of guarantees	(766)	2,057
Capitalized interest on loans payable	-	900
Capitalized interest and dividends on loans and equity	-	(161)
Gain on sale of tangible capital assets	(1,141)	(313)
	623	(11,786)
Change in other (Note 13)	(958)	11,616
	(335)	(170)
Capital transactions		
Proceeds from sale of tangible capital assets	1,145	313
	1,145	313
Investing transactions		
Loan advances	(4)	(206)
Principal received on loans	7,641	5,749
	7,637	5,543
Financing transactions		
New notes payable from the Province of Nova Scotia	-	56
Principal repayments to the Province of Nova Scotia	(7,976)	(5,737)
	(7,976)	(5,681)
Increase in cash and cash equivalents	471	5
Cash and cash equivalents, beginning of year	23,825	22,109
Cash and cash equivalents, assumed from FCINS (Note 1)	-	1,711
Cash and cash equivalents, end of year	24,296	23,825

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

1. Business overview

Nova Scotia Business Incorporated (the "Corporation") is a corporation, wholly-owned by the Province of Nova Scotia (the "Province") with an independent Board of Directors. The Corporation was established pursuant to the Nova Scotia Business Incorporated Act, Chapter 30 of the Acts of Nova Scotia, 2000.

The Corporation's mission is to help Nova Scotia businesses grow exports through access to business advisory services, skill development and training to build trade capacity, market intelligence, financing, and support in accessing global markets, with a focus on developing new exporters and attracting innovative, globally competitive companies to establish a business location in Nova Scotia. The Corporation is not subject to provincial or federal taxes.

On April 9, 2015, the Nova Scotia provincial government tabled the March 31, 2016 budget in the House of Assembly, which included the elimination of the Film and Creative Industries Nova Scotia ("FCINS") agency's funding and a plan to cease its operations. Legislation, Bill No. 108 passed by the Government of Nova Scotia, introduced in the spring assigned all assets and liabilities of FCINS to the Corporation effective April 9, 2015 including those of the restricted independent production fund ("IPF").

On April 1, 2016 with the consent of the Province pursuant to Section 68(1) of the Finance Act, the Corporation incorporated a wholly owned subsidiary, Nova Scotia Independent Production Fund ("NSIPF"). On June 9, 2016, NSIPF was certified by the CRTC and was added to the list of independent production funds to administer The Eastlink TV Independent Production Fund program. As a result, the assets and liabilities of the IPF was assigned to and became assets and liabilities of the NSIPF effective June 9, 2016.

NSIPF's purpose continues to be as was FCINS's as an IPF, to support Nova Scotia and Canadian television programming by receiving contributions as a restricted independent production fund under the Broadcasting Distribution Regulations and to distribute such contributions to productions determined to be eligible for funding in accordance with the requirements of the Canadian Radio-television and Telecommunications Commission.

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board ("PSAB").

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the following entities which are owned or controlled by the Corporation:

- Nova Scotia Business Incorporated
- Nova Scotia Independent Production Fund

Inter-departmental and inter-entity balances and transfers between the entities have been eliminated on consolidation.

Cash and cash equivalents

Cash includes petty cash and amounts on deposit with financial institutions. Cash equivalents include short-term highly liquid investments with a term to maturity of 365 days or less at acquisition. All are measured at fair market value.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

2. Summary of significant accounting policies (continued)

Loans receivable

Loans receivable are recognized at amortized cost using the effective interest rate method. Loans receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and interest. A specific valuation allowance is established to reduce the recorded value of the impaired loan to its estimated net recoverable value.

A general allowance of 5% of cost is recorded to reflect anticipated future losses for all loans receivable which do not have a specific allowance.

Initial and subsequent changes in the amount of valuation allowance are recorded as a charge or credit to the statement of operations.

Loans receivable are written off after all reasonable restructuring and collection activities have taken place, and management believes that there is no realistic prospect of recovery. Once all or a part of a loan receivable has been written off, the write-off is not reversed, unless the loan receivable is recovered, in which case the recovery is credited to the statement of operations upon receipt.

Equity investments

Investments in equity instruments of private enterprises are carried at cost with realized gains and losses recognized in the statement of operations in the period they are derecognized.

Investments in equity instruments of private enterprises are classified as impaired when, in the opinion of management, there has been a loss in the value of the equity instruments that is other than a temporary decline. A specific valuation allowance is established to reduce the recorded value of the impaired investments to their estimated net recoverable value.

A general allowance of 10% of cost is recorded to reflect anticipated future losses for all investments in private enterprises receivable which do not have a specific allowance.

The investments are reviewed twice yearly for potential declines in value.

A write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Declining balance	5%
Wharves	Declining balance	5%
Utilities	Declining balance	4 - 15%

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Assets not in use are not amortized until the asset is available for productive use.

In previous fiscal years, the Department of Transportation and Infrastructure Renewal had operational responsibility for the industrial parks and buildings. Certain revenues and expenses associated with the operation of the industrial parks and buildings were accounted for by the Department of Transportation and Infrastructure Renewal and were not reflected in the Corporation's financial statements. However, effective April 1, 2014, the Corporation took over the operational responsibilities of these assets and their related expenses and revenues are now recorded in these consolidated financial statements.

Proceeds from the sale of assets less closing costs are remitted to the Province of Nova Scotia in the form of transfer payments. In the current year, the transfer payments payable to the Province of Nova Scotia was \$1,145 (2016 - \$313).

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded in revenues at their fair value at the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Other assets

Other assets were fully written-off the books during the year, they previously consisted of property acquired through foreclosure. Other assets were recorded at cost less a general allowance for the credit losses equal to 5% of cost. A specific allowance was recorded if management considered it necessary to reduce the asset to its estimated recoverable amount.

Due to shareholder

Amounts due to the Shareholder, which are comprised of non-interest bearing debt, are recorded at amortized cost.

Government transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. The transfer payments recorded by the Corporation are flow-through arrangements of proceeds from the sale of crown assets which the Corporation administers and are remitted to the Province of Nova Scotia. In accordance with PS 3410, government transfers do not include flow-through arrangements where a government agrees to act merely as an intermediary to administer funds on behalf of another party and has no ability to make decisions regarding the use of the funds.

Similarly, when funds are received as a result of an administrative flow-through arrangement in which a recipient government serves only as a cash conduit (i.e., it has no direct financial involvement in the program nor decision-making capability in relation to the program) the receipt and disbursement of cash would not be recognized as transfers in that recipient government's consolidated financial statements.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

2. Summary of significant accounting policies (continued)

Revenue recognition

Government contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when, and to the extent, the transfer includes stipulations which have not yet been met.

Government contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met:

- a. Operating grants have no criteria or stipulations and the Corporation recognizes revenue on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.
- b. Strategic investment grants are recognized when expenditure is recorded in accordance with the Corporation's approved budget and shall be provided in accordance with policies and procedures set out in the Corporation's business plan.
- c. Nova Scotia Film and Television Production grants are earned in accordance with the Corporation's approved annual budget and when the eligible producers have completed the final print stage of the approved production.
- d. Loan valuation grant is provided by the Province of Nova Scotia to offset the provision for credit losses and payment of guarantees.
- e. Miscellaneous consists of various contracts for trade programs. Revenue is recognized in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met.

Interest revenue on the loans receivable is recognized on an accrual basis unless the ultimate collectability of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized, and any interest income that is accrued is reversed. A loan is considered impaired when there is risk of loss to the Corporation of the full and timely collection of principal and interest; generally, when it is more than three months in arrears. In the event a loan is no longer considered to be impaired, interest revenue is recognized in the year of recovery.

Provision for credit losses and payment of guarantees

The provision for credit losses is partially offset by a non-cash loan valuation allowance contribution from the Province of Nova Scotia. The contribution is recorded as both a receivable and revenue.

Employee future benefits

The Corporation provides certain employee benefits which will require funding in future periods. These benefits include vacation pay and public service awards. Upon retirement, qualifying employees are eligible for a public service award equal to one week's salary per year of service to a maximum of 26 weeks. Management recognizes compensation expense on an accrual basis with actuarial assessments being carried out every three years. The next assessment is due in the 2020 fiscal year.

Permanent employees of the Corporation participate in the Public Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. The costs of the employer pension benefits are the Corporation's contributions due to the Plan in the period. The Corporation is not responsible for any under-funded liability, nor does the Corporation have any access to any surplus that may arise in this Plan.

The Corporation accounts for severance pay on an accrual basis and the amount is calculated based upon accumulated unused sick leave or on years of service. The amount is payable when the employee ceases employment with the Corporation.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant estimates included in the consolidated financial statements relate to the valuation of the loans receivable and equity investments. Actual results could differ materially from these estimates.

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

3. Loans receivable

	2017	2016
	\$	\$
Principal due	33,440	55,301
Allowance for credit losses (Note 6)	(11,185)	(26,332)
	22,255	28,969

Interest charged on these loans ranges from 0% to 6.8% (2016 - 0% to 12%). Repayment terms are negotiated on specific loans and would normally not exceed 20 years. The level of security on loans is also negotiated between the Corporation and the debtor based on the risk associated with the individual loan. The security can include life insurance, company assets, personal guarantees or the value of the parent company. Security can range from an unsecured position to a fully secured position.

4. Equity investments

	2017	2016
	\$	\$
Common shares	11,156	12,380
Preferred shares	13,416	25,691
Convertible debentures and promissory notes	5,000	3,000
	29,572	41,071
Allowance for credit losses (Note 6)	(16,746)	(28,016)
	12,826	13,055

Certain preferred shares have conversion options and warrants attached.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

5. Tangible capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	82	-	82	86
Buildings	873	676	197	207
Wharves	1,752	1,244	508	535
Utilities	458	233	225	239
	3,165	2,153	1,012	1,067

6. Allowance for credit losses and payment of guarantees

					2017
	Gross balance outstanding	Specific allowance	General allowance	Total allowance	Net balance outstanding
	\$	\$	\$	\$	\$
Loans receivable (Note 3)	33,440	10,062	1,123	11,185	22,255
Equity investments (Note 4)	29,572	15,497	1,249	16,746	12,826
Guarantees (Note 10)	1,075	295	-	295	780
	64,087	25,854	2,372	28,226	35,861

					2016
	Gross balance outstanding	Specific allowance	General allowance	Total allowance	Net balance outstanding
	\$	\$	\$	\$	\$
Loans receivable (Note 3)	55,301	24,934	1,398	26,332	28,969
Equity investments (Note 4)	41,071	26,746	1,270	28,016	13,055
Guarantees (Note 10)	825	367	-	367	458
Other assets	750	750	-	750	-
	97,947	52,797	2,668	55,465	42,482

During the year, investments and other assets in the amount of \$26,475 (2016 - \$7,970) were written off and included in the allowance for credit losses and provision for payment of guarantees.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

7. Due to shareholder

The Corporation signed a Memorandum of Understanding effective March 31, 2016 with the Province allowing and changing the treatment and recognition of the former long-term debt with the Province. The outstanding notes payable balance of \$50,706 as at March 31, 2016 between the Corporation and the Province was converted into a non-interest bearing shareholder loan with no set terms of repayment. As a condition of this conversion, the Corporation was required to reduce its Loan Valuation Allowance receivable due from the Province by applying it against the outstanding notes payable to the Province. As at March 31, 2017 the amount due to shareholder was \$41,160 (2016 - \$50,706).

8. Share capital

The Corporation is authorized to issue 100 Class A common shares with a par value of \$1 each. At year-end, 100 common shares have been issued to the Province. Share capital is grouped with accumulated surplus on the statement of financial position.

9. Contractual obligations

The Corporation has \$Nil (2016 - \$Nil) in approved financing that has not been disbursed as at year-end.

The Corporation provides strategic investments that permit approved businesses to receive a percentage of payroll taxes paid as a rebate. Expenses incurred by the Corporation are match-funded by the Province of Nova Scotia in the form of a Strategic Investment Grant.

As at March 31, 2017, transactions were approved with maximum annual payments over the next eight years of \$113,295 (2016 - \$91,945) as shown below:

	\$
2018	23,215
2019	24,236
2020	24,796
2021	18,107
2022	8,888
2023	7,667
2024	3,727
2025	2,659
Total	113,295

The Corporation is the administrator of the Nova Scotia Film and Television Production Incentive Fund ("NSFPIF") which was established during 2016 to support the film and television production industry in the Province and to create economic value for Nova Scotians. Expenses incurred by the Corporation will be match-funded by the Province of Nova Scotia in the form of a NSFPIF grant. Eligible organizations that have a permanent establishment in Nova Scotia will be able to apply to the NSFPIF to receive support on completion date of the targeted production based on the following funding streams:

- Base funding of 26% and 25% of all eligible Nova Scotia costs for indigenous/co-productions and, foreign/service productions respectively;
- Incentives for rural production work and Nova Scotia producers.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

9. Contractual obligations (continued)

As at March 31, 2017, the following commitments in the amounts of \$15,506 (2016 - \$7,125) were recognized at the point of issuance of Letters of Intent over the next two years:

	\$
2018	15,258
2019	248
	<u>15,506</u>

10. Contingencies

Guarantees

	Authorized \$	Utilized 2017 \$	Utilized 2016 \$
Bank loans	1,500	1,075	825
Less: provision for payment (Note 6)	-	(295)	(367)
	<u>1,500</u>	<u>780</u>	<u>458</u>

The guarantees are secured by various assets and proceeds from liquidation are expected to offset a portion of any possible payments under guarantees.

Litigation

The Corporation is co-defendant with the Province of Nova Scotia and Industrial Estates Limited in a dispute regarding environmental contamination on land previously owned by Industrial Estates Limited. The Corporation believes that any losses incurred related to this claim will be fully funded by the Province of Nova Scotia.

The Corporation is unable to form an opinion in regard to the likelihood of loss arising from the above litigation. Consequently, no provision for any possible loss has been recorded in these consolidated financial statements.

In addition, there are other outstanding claims against the Corporation for events that have arisen in the normal course of carrying on the operations of the Corporation. It is not possible at this time to determine the amount that may be assessed, or the impact to the Corporation's consolidated financial statements, with respect to these claims.

11. Financial instruments

Fair value

Equity investments in publicly-traded companies are recorded at fair market value, which represents the last bid price for the stock on the stock exchange. The Corporation sold all its publicly traded equity investments in prior years.

Fair value measurements in connection with the allowance for credit losses recognized in Notes 3 and 4 are categorized using the fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1 - unadjusted quoted prices in the active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

Cash and cash equivalents have been recorded as Level 1 using the fair value hierarchy.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

11. Financial instruments (continued)

Financial risk factors

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. The Corporation's Nova Scotia Business Fund assets are primarily exposed to credit, interest rate, market price and liquidity risk.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Corporation. To mitigate this risk, the Corporation has developed the following policies:

Before financing is approved, a risk assessment is performed on the client. Each application is designated a risk rating based on the industry and business, quality of management, financial history and projections, the level of other creditor involvement and shareholder participation, and environmental risks. The terms and conditions of the approved financing are reflective of the assessed risk.

Applications with unacceptable levels of risk are not approved.

Clients are usually limited to a total of \$15 million in financing from the Corporation's Nova Scotia Business Fund. Three clients have exceeded this total in the past; two were approved in the Nova Scotia Business Development Corporation Fund and transferred to the Nova Scotia Business Fund via legislation on November 6, 2001 and both were paid out in a previous year. A third client, that was authorized financing of \$15,100 approved in fiscal 2011, currently has an outstanding balance of \$8,909 (2016 - \$11,195) which is now below the \$15,000 financing limit threshold and has been fully disbursed.

The risk rating for all clients is monitored on an on-going basis. Clients identified as higher risk are further assessed at year end to determine the extent of potential loss, taking into account the value of the security pledged in support of the financial assistance. This assessment could result in a reduction in the carrying value of the investment via the provision for credit losses.

Interest rate risk

Interest rate risk is the risk that the market value of the Corporation's investments and debt will fluctuate due to changes in the market interest rates. It is management's opinion that the Corporation is not exposed to significant interest rate risk arising from financial instruments.

Market price risk

Market price risk is the risk that the value of an investment will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market. As these equities are carried at fair value with the fair value changes recognized in the statement of remeasurement gains and losses, all changes in the market conditions will directly result in an increase (decrease) of accumulated remeasurement gains (losses).

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of provincial grants, income generated from loans receivable and equity investments, and principal repayments received on loans receivable. These sources of funds are used to pay operating expenses and debt servicing payments to the Province of Nova Scotia. In the normal course of business the Corporation enters into contracts that give rise to commitments for future payments which also impact the Corporation's liquidity. The Corporation also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

11. Financial instruments (continued)

The following table summarizes the fixed contractual maturities for all financial liabilities as at March 31, 2017:

					2017	2016
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total	Total
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	25,570	-	-	-	25,570	15,348
Accounts payable and accrued liabilities - NSIPF	5	-	-	-	5	5
Accrued interest payable	-	-	-	-	-	95
Employee benefits and other liabilities	425	271	110	459	1,265	1,769
Transfer payments payable to the Province	1,145	-	-	-	1,145	313
Deferred revenue	61	268	-	-	329	360
Deferred revenue - NSIPF	217	-	-	-	217	30
Provision for payment of guarantees	295	-	-	-	295	367
Due to shareholder	5,926	30,245	4,989	-	41,160	50,706
Film production assistance commitments payable	190	-	-	-	190	235
Film production assistance commitments payable - NSIPF	546	-	-	-	546	275
	34,380	30,784	5,099	459	70,722	69,503

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

12. Nova Scotia Business Fund

The Nova Scotia Business Fund (the "Fund") is comprised of investments approved under the direction and management of the Corporation and investments transferred from the Nova Scotia Business Development Corporation Fund ("NSBDC") on November 6, 2001. The following is a summary of the Fund as at March 31, 2017:

	2017		2016	
	NSBI portfolio		NSBDC portfolio	
	Less allowance for credit losses		Less allowance for credit losses	
	Gross		Gross	
	\$	\$	\$	\$
Assets				
Loans receivable	22,448	6,119	10,993	5,067
Equity investments	29,363	16,666	210	81
Industrial parks & buildings	-	-	1,012	-
Guarantees	1,075	295	-	-
Financing authorized but unadvanced	425	-	-	-
	53,311	23,080	12,215	5,148
Funding authorized and committed				
Fund balance authorized, net of write-offs			189,414	215,889
Less: uncommitted balance of fund			123,890	116,875
Committed fund balance			65,524	99,014
Less: allowance for credit losses and provision for payment of guarantees (Note 6)			28,226	55,465
			37,298	43,549

13. Supplementary cash information

Cash and cash equivalents include:

	2017	2016
	\$	\$
Cash	16,296	15,825
Short-term investments	8,000	8,000
	24,296	23,825

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

13. Supplementary cash information (continued)

Changes in other

	2017	2016
	\$	\$
Accrued interest receivable	15	127
Loan valuation allowance receivable	-	11,833
Other receivables	238	1,579
Other receivables - NSIPF	(1)	-
Due from the Province of Nova Scotia	(12,068)	(927)
Prepaid expenses	21	(48)
Accounts payable and accrued liabilities	10,221	(469)
Accrued interest payable	(95)	(76)
Non-cash accrued interest clearing loan valuation allowance	-	5
Deferred revenue	(31)	(1,162)
Deferred revenue - NSIPF	188	-
Employee benefits and other liabilities	(504)	452
Transfer payments payable to the Province of Nova Scotia	832	260
Commitments payable - operating	(45)	(23)
Commitments payable - NSIPF	271	65
	(958)	11,616

During the year, cash received for interest income was \$1,353 (2016 - \$1,684) and interest paid was \$174 (2016 - \$762).

	2017	2016
	\$	\$
Non-cash investing transactions		
Equity market adjustments recorded		
as accumulated remeasurement loss	-	1,500
Conversion of convertible debentures to equity investments	-	161
Conversion of accrued interest to equity investments	-	500
Conversion of loan to equity investments	207	-

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

14. Related party transactions

During the year, there were no companies controlled or otherwise not independent of the Corporation eligible for payroll rebate rewards (2016 - \$nil). As at year-end, the total amount outstanding to companies that were controlled by, or otherwise not independent of, certain directors of the Corporation was \$12,974 (2016 - \$12,974) for financial assistance. Certain of these investments have specific allowances recorded against them totaling \$480 (2016 - \$480), with a 10% general reserve recorded against the rest. Furthermore, there were no payroll rebates under this category this year (2016 - \$nil).

The Corporation occupies premises for which no rental fee is charged by the Province of Nova Scotia. Management estimates the annual cost to lease the premises is approximately \$494 (2016 - \$717).

The Corporation receives legal services free of charge from the Province of Nova Scotia. Management estimates the annual cost of these services is approximately \$322 (2016 - \$322).

These transactions were carried out in the normal course of operations and on terms and conditions that would be similar to those of non-related parties.

15. Employee benefits, post-retirement benefits and other liabilities

The employee benefits, post-retirement benefits and other liabilities, reported on the statement of financial position, are made up of the following:

	2017	2016
	\$	\$
Public service awards	694	771
Vacation pay	230	212
Other payroll accruals	341	786
	1,265	1,769

Pension benefits

All full-time employees are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act ("PSSP") based on the employees' length of service and earnings. The plan is funded by the employee and the employer contributions. The employer's contributions for 2017 were \$569 (2016 - \$594) and are recognized as an operating expense in the year. As a result of changes to the PSSP that took effect April 1, 2013, the Province of Nova Scotia is no longer responsible for any unfunded liabilities of the PSSP, and the Province no longer administers the PSSP. The PSSP is now administered by an independent trustee, the Public Service Superannuation Plan Trustee Inc., which also administers the actuarial and investment risk.

16. Film production development loans

Film production development loans previously committed by FCINS were provided to eligible producers to support essential process of the development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of the production financing arrangements. Support for the development of a project does not necessarily imply support for a production. Film production development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party.

During the year, effective April 9, 2015, the Corporation did not receive any amount related to the recovery of development loans (2016 - \$nil). As at March 31, 2017, \$7 (2016 - \$26) remains undisbursed and is included in commitments payable. Total film production development loans disbursed, assumed and originated at year-end were \$3,071 (2016 - \$3,055).

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2017

(in thousands)

17. Film production special projects

Non-repayable assistance previously committed by FCINS in the form of grants were provided to eligible parties for training, sponsorship, festivals and other business development initiatives to promote the Nova Scotia film, television and creative industries. These were fully disbursed in the previous year.

18. Film production equity investments

Film production assistance previously committed by FCINS, in the form of equity investments were provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with conditions of repayment through participation in revenues by projects. Revenue is recorded as reported by producers.

During the year, the Corporation received \$101 (2016 - \$130) in recovery of equity investments resulting in a cumulative recoupment, assumed and originated, as at March 31, 2017, of \$4,459 (2016 - \$4,358). Also as at March 31, 2017, \$159 (2016 - \$209) remains undisbursed and is included in commitments payable. Total film production equity investments disbursed, assumed and originated, at year end were \$46,819 (2016 - \$46,767).

19. Nova Scotia Independent Production Fund ("NSIPF")

NSIPF through The Eastlink TV Independent Production Fund program provides production assistance in the form of film production equity investments to eligible producers for the financing of production that will support employment and economic benefits to Nova Scotia. Film production equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as reported by producers. Funds received under the IPF are externally restricted and included on the statement of financial position in cash and cash equivalents and are deferred until committed.

During the year, the Corporation through its subsidiary, NSIPF, received \$690 (2016 - \$nil) from the funding partner to invest in qualifying projects, and \$56 (2016 - \$31) in the recovery of equity investments. The cumulative total of equity investments made by the IPF, assumed and originated, as at March 31, 2017 is \$4,478 (2016 - \$3,919). As at March 31, 2017, \$119 (2016 - \$63) was recouped and \$546 (2016 - \$275) remains undisbursed and is booked as a commitments payable.

Nova Scotia Business Incorporated

Schedule of the Nova Scotia Independent Production Fund ("NSIPF")
revenues and expenses - Schedule 1
year ended March 31, 2017

(In thousands of dollars)

	2017	2016
	\$	\$
Revenue		
Eastlink contributions	502	493
Recovery of equity investments	56	31
Interest income	4	4
	562	528
Expenses		
Equity investments	559	523
Administrative expenses	3	5
	562	528

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Incorporated

Schedule of operating expenses - Schedule 2

year ended March 31, 2017

(In thousands of dollars)

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Salaries and benefits	8,019	7,692	8,908
Business development	6,099	4,985	5,090
Travel	903	703	620
Telecommunications and technical support	395	503	520
Office	337	419	385
Other	69	131	201
Legal and audit	68	64	59
	15,890	14,497	15,783

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Incorporated

Schedule of Nova Scotia Business Fund: other expenses - Schedule 3
year ended March 31, 2017

(In thousands of dollars)

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Repairs, maintenance, salaries and other	1,583	954	1,859
Interest	-	79	1,993
Amortization	50	51	55
Recovery of commissions and other fees	2	2	1
Legal	100	-	79
	1,735	1,086	3,987

The accompanying notes to the financial statements are an integral part of this financial statement.

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Nova Scotia Business Inc.



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